

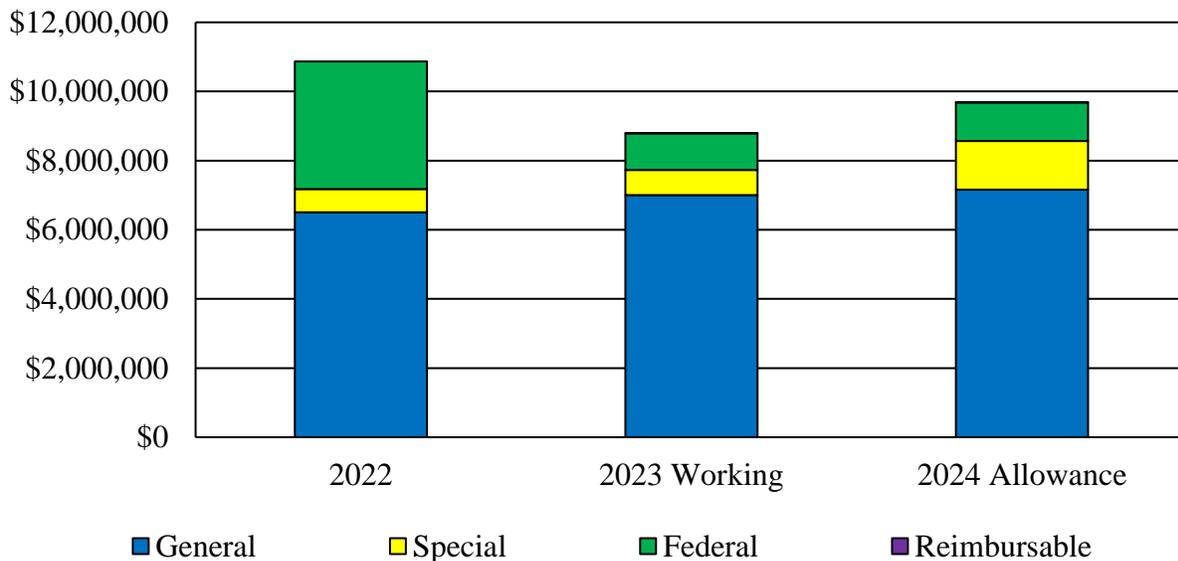
R00A02
Aid to Education
Maryland State Department of Education

Executive Summary

The Maryland State Department of Education (MSDE) Aid to Education budget is comprised of programs that provide State education aid to local jurisdictions. These programs include the State Share of the Foundation program, which is the major State Aid program for primary and secondary schools. Programs in the Aid to Education budget that provide funding for early childhood programs, which include Prekindergarten, Head Start, and the Child Care Scholarship Program, can be found in the budget analysis for MSDE Early Childhood Development – R00A99. The Accountability and Implementation Board (AIB), which is responsible for the oversight and evaluation of the Blueprint for Maryland’s Future Grant (Blueprint) programs and is an independent agency, can be found in the budget analysis for AIB – R12. This analysis includes K-12 education State aid and funds allocated to Blueprint programs.

Operating Budget Summary

Fiscal 2024 Increases \$900.8 Million, or 10.3%, to \$9.7 Billion
(\$ in Thousand)



Note: Numbers may not sum due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations.

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- The fiscal 2024 net increase of nearly \$901 million, or 10.3%, primarily reflects the increase in special funds supporting State Aid for Chapters 36 and 55 of 2021, Blueprint program implementation. The largest increase in the Blueprint for Maryland’s Future Fund (Blueprint Fund) allowance from fiscal 2023 to 2024 is in compensatory education funding, which receives an additional \$390 million due a 34% increase in free and reduced-price meal (FRPM) student enrollment.
- General funds increase by \$150 million, or 2%, due primarily to increases for State aid for teacher retirement, student transportation, and bonuses for noncertificated support professionals.
- Federal funds increase by \$60 million, or 6%, due to an offset of federal stimulus funds applied in fiscal 2023 and an increase in federal funding for food services, Students with Disabilities, and Educationally Deprived Children.

Key Observations

- ***Final State Aid Submission Delayed; Adjustments Underway:*** MSDE and the Department of Budget and Management (DBM) continue to work on adjustments to fiscal 2024 State aid including wealth calculations, concentration of poverty grants (CPG), and local maintenance of effort (MOE).
- ***National and State Assessments Document Student Learning Loss:*** National assessments and Maryland Comprehensive Assessment Program (MCAP) standardized testing indicate that students experienced learning loss as a result of pandemic school closures and lost instructional time.
- ***Slots Added for Autism Waiver:*** In fiscal 2023, the Autism Waiver program received \$30 million budgeted in the Dedicated Purpose Account (DPA) to provide an additional 1,500 slots. Due to the time needed for approval of these slots, the \$10 million distributed to MSDE in fiscal 2023 will not be used; however, MSDE anticipates utilization of over 80% of the total allocation in fiscal 2024.
- ***Nonpublic Placement Program Costs Increase:*** Chapter 700 of 2021 required a 4% rate increase for the nonpublic placement program in fiscal 2023. With these costs added to the base amount for the program headed into fiscal 2024, the fiscal 2024 allocation increases by 7% for a total of \$145.6 million.

Operating Budget Recommended Actions

1. Add language to the general fund appropriation for a report on free and reduced-price meal student enrollment.
2. Adopt committee narrative for a report on the Nonpublic Placement program.
3. Adopt committee narrative for a status update on the Pathways in Technology Early College High School Program.
4. Adopt committee narrative for a status report on the Maryland Comprehensive Assessment Program.
5. Adopt committee narrative for a status update on the Autism Waiver program.

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Operating Budget Analysis

Program Description

State and local governments share responsibility for funding Maryland’s public schools. The State provides the majority of direct funding to local education agencies (LEA) through the State share of the Foundation program, which includes calculations intended to promote fiscal equity. Chapters 701 and 702 of 2016 created the Commission on Innovation and Excellence in Education (known as the Kirwan Commission) to study and recommend changes to Maryland’s school funding formulas. In calendar 2019, the legislature passed the Kirwan Commission’s initial recommendations (Chapter 771 of 2019), known as the Blueprint for Maryland’s Future, and in calendar 2020, the legislature passed HB 1300, Blueprint for Maryland’s Future – Implementation, which set into statute new formulas and programs. The Governor vetoed HB 1300, but in calendar 2021, the legislature passed a veto override, and the legislation became law as Chapter 36. In calendar 2021 and 2022, the legislature passed updates to Chapter 36, Chapter 55, and Chapter 33 of 2022, which made minor changes to the statute and clarified funding formulas in calendar 2022. Fiscal 2023 was the first year of full implementation of Blueprint programs and new statutory formulas.

As part of Chapter 36 mandates, in addition to the State Share of the Foundation programs, all LEAs receive wealth-equalized funding based on enrollment for the Foundation program, which is the primary program for LEA funding; compensatory education; college and career readiness; regular and special education transportation; limited English proficiency (LEP); special education; transitional supplemental instruction (TSI); and prekindergarten. Depending on wealth and other factors, some LEAs also receive funding for guaranteed tax base (GTB), Blueprint transition grants, teacher salaries, CPG schools, and other programs. Funding for these programs is primarily through the Blueprint Fund, which is a constitutionally established special fund that receives casino and gambling revenues. Starting in fiscal 2023, the Governor must fund 100% of mandated Blueprint programs.

The analysis for Aid to Education includes 19 of 23 programs budgeted in the Governor’s Aid to Education budget. Analysis for Prekindergarten, At-Risk Early Childhood Grants, Head Start, and the Child Care Assistance Grants are in the MSDE Early Childhood Development – R00A99 analysis.

Performance Analysis: Managing for Results

The federal Every Student Succeeds Act of 2015 requires that every state administer annual, summative assessments to all students in (1) English/language arts (ELA) and mathematics in grades 3 through 8 and high school; (2) science in each grade span (grades 3 to 5, grades 6 to 8, and high school); and (3) English language proficiency assessments in grades K-12 for all students considered as LEP. In calendar 2018, MSDE announced the transition from the Partnership for Assessment of Readiness (PARCC) for College and Careers to MCAP. According to MSDE, this change was necessary so that State assessments were more reflective of the Maryland content standards and instruction. Development of MCAP began in January 2019, with pilot testing initially slated for December 2019 and initial administration planned for spring 2020.

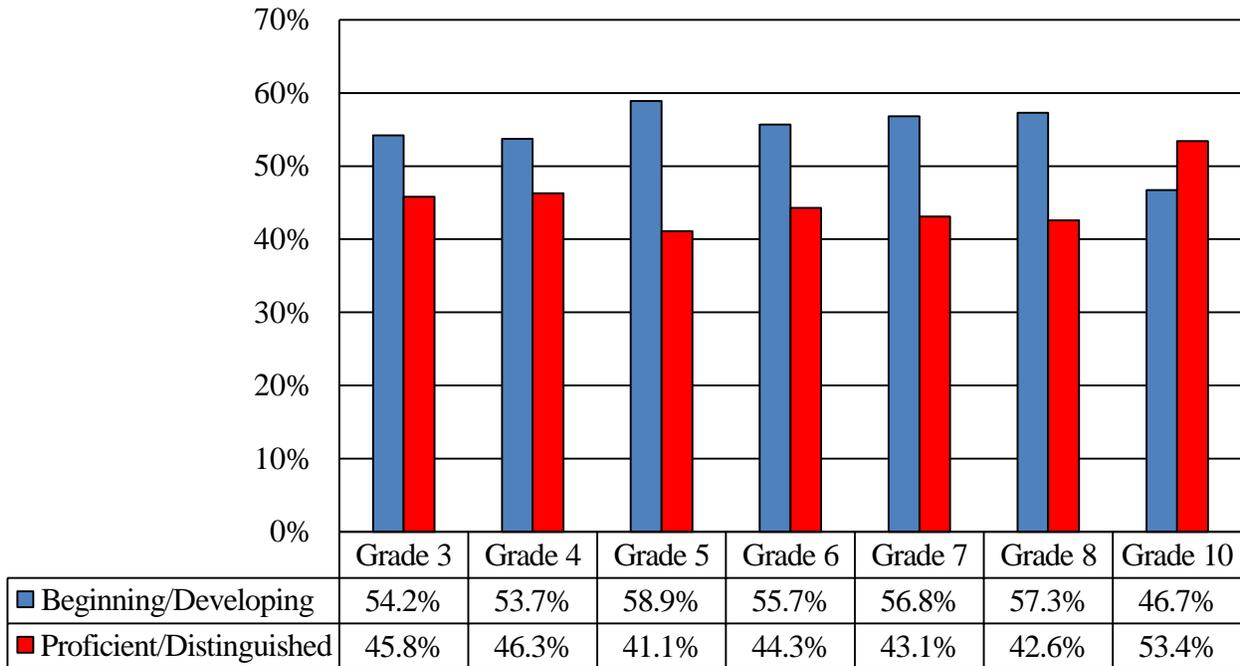
However, due to COVID-19 school closures starting in March 2020, the administration of pilot MCAP assessments was delayed. The U.S. Department of Education (ED) issued waivers to Maryland for administration of these assessments in spring 2020 and 2021, which allowed MSDE flexibility to stagger assessments across testing windows in fall 2020, spring 2021, fall 2022, and spring 2022. Spring 2022 assessments provided MSDE and LEAs with information for the first time since calendar 2019 about student progress and learning loss during the pandemic.

Keeping in mind that students had not taken standardized assessments in two years and are taking newly developed MCAP assessments, the overall trend of assessment scores from spring 2022 indicates that a majority of students score as either beginning or developing learners on the MCAP ELA and mathematics assessments.

1. MCAP English/Language Arts Scores Show Majority of Students Beginning and Developing Learners

MCAP measures the percentage of students who earn a beginning, developing, proficient, or distinguished score on the ELA assessments in grades 3 to 8 and grade 10. In 2022, the majority of students scored beginning or developing at all grade levels, except for grade 10, in which 53.4% of students scored proficient or distinguished. The lowest proficient or distinguished score was in grade 5, with 41.1% of students at this level of proficiency. **Exhibit 1** shows these scores.

**Exhibit 1
MCAP English/Language Arts Scores by Grade Level
2021-2022 School Year**



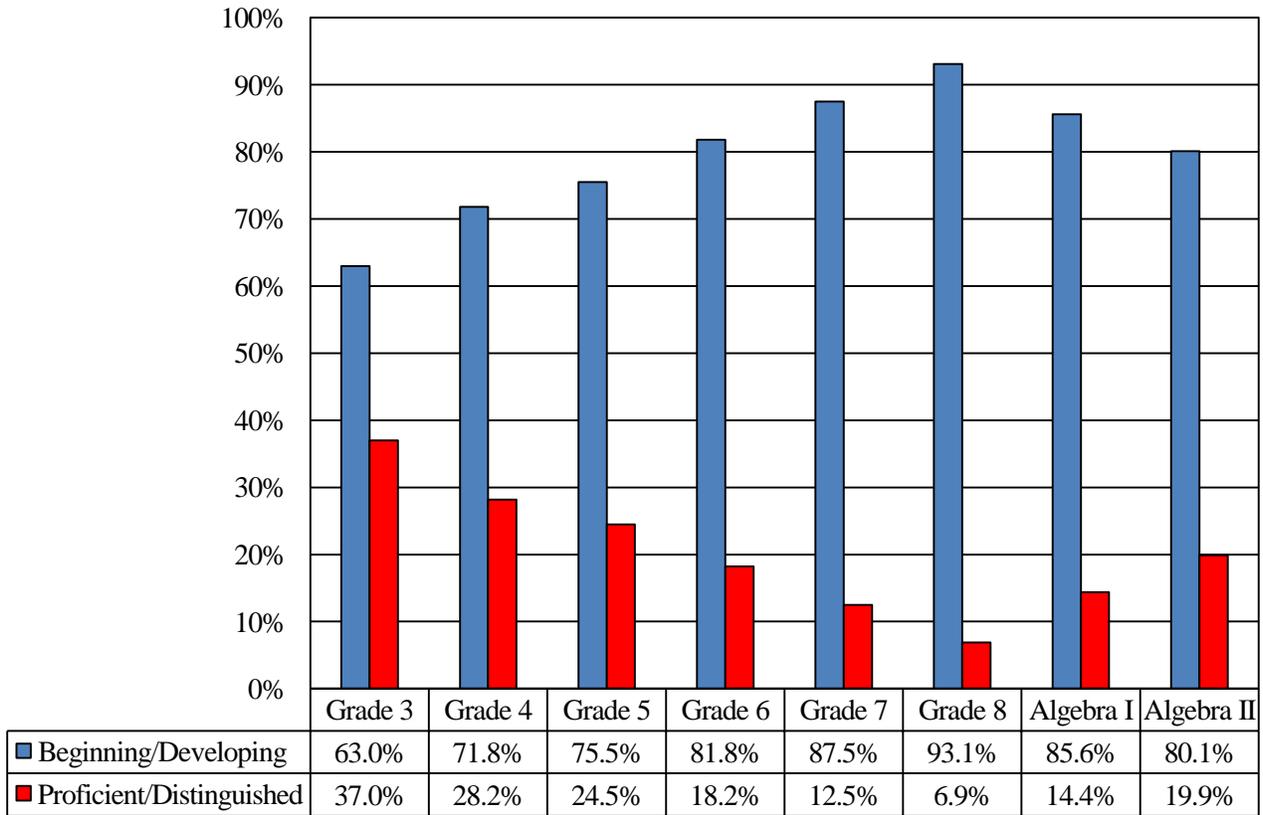
MCAP: Maryland Comprehensive Assessment Program

Source: Maryland State Department of Education

2. MCAP Mathematics Scores Show Majority of Students Beginning and Developing Learners

MCAP measures the percentage of students who earn a beginning, development, proficient, or distinguished score in grades 3 to 8 grade math and high school Algebra I and Algebra II assessments. In 2022, the majority of students scored either beginning or developing with the highest share with proficient/distinguished scores, 37%, in grade 3 and lowest share at proficient/distinguished, 6.9%, in grade 8 math. **Exhibit 2** shows these scores.

**Exhibit 2
MCAP Mathematics Scores by Grade Level
2021-2022 School Year**



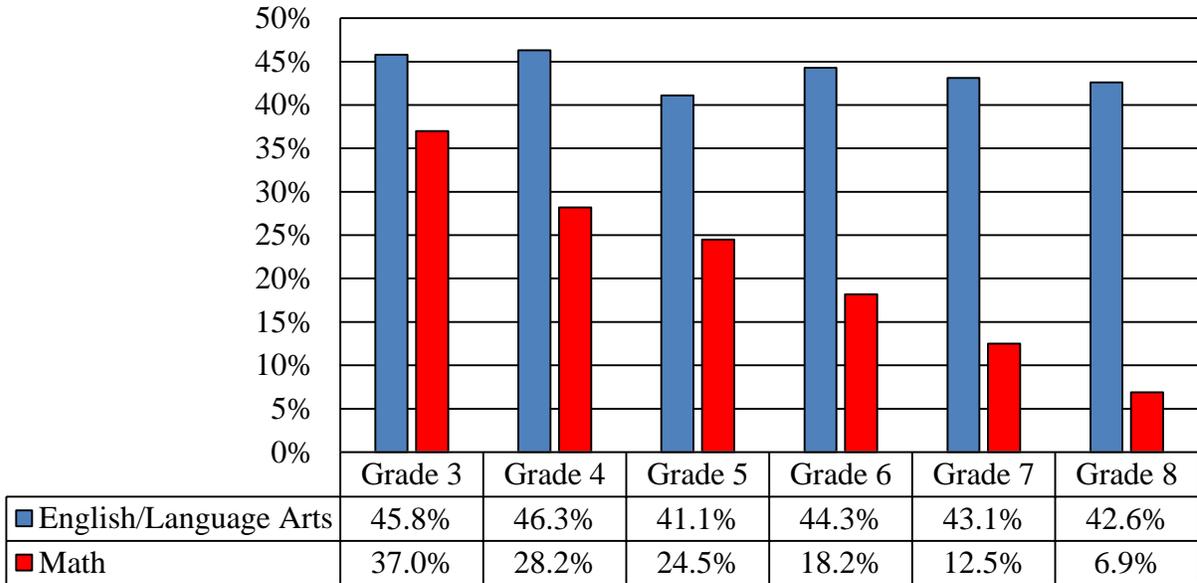
MCAP: Maryland Comprehensive Assessment Program

Source: Maryland State Department of Education

3. More Students Proficient in English/Language Arts over Mathematics

Comparison of MCAP scores in ELA and mathematics from grades 3 to 8 shows that more students scored proficient or distinguished in ELA than mathematics at each grade level. The smallest achievement gap is 12.8 percentage points in grade 3; the largest achievement gap is in grade 8, with a gap of 35.7 percentage points. **Exhibit 3** offers a comparison of MCAP scores in ELA and mathematics in grades 3 through 8.

**Exhibit 3
Comparison of MCAP Scores
English/Language Arts and Mathematics
Grades 3 through 8
2021-2022 School Year**



MCAP: Maryland Comprehensive Assessment Program

Source: Maryland State Department of Education

More information on MCAP assessments can be found in the Issues section of this analysis.

Fiscal 2023

Proposed Deficiencies

The Aid to Education budget receives a total of \$4.6 million in fiscal 2023 deficiency appropriations. Pathways in Technology Education Early College High School (P-TECH) receives \$115,136 in general funds to ensure adequate funding for enrollment. National Board Certification (NBC) exam fees and support under Teacher Development receives \$4,487,610 in Blueprint and NBC special funds.

The Department of Legislative Services (DLS) recommends that MSDE continue to submit a report on the P-TECH program detailing enrollment and projected costs.

Federal Stimulus Funds

In fiscal 2020, 2021, and 2022, LEAs and the School for Educational Evolution and Development (SEED School) received \$2.7 billion as part of distributions from Elementary and Secondary School Emergency Relief (ESSER) fund. These amounts were distributed as follows:

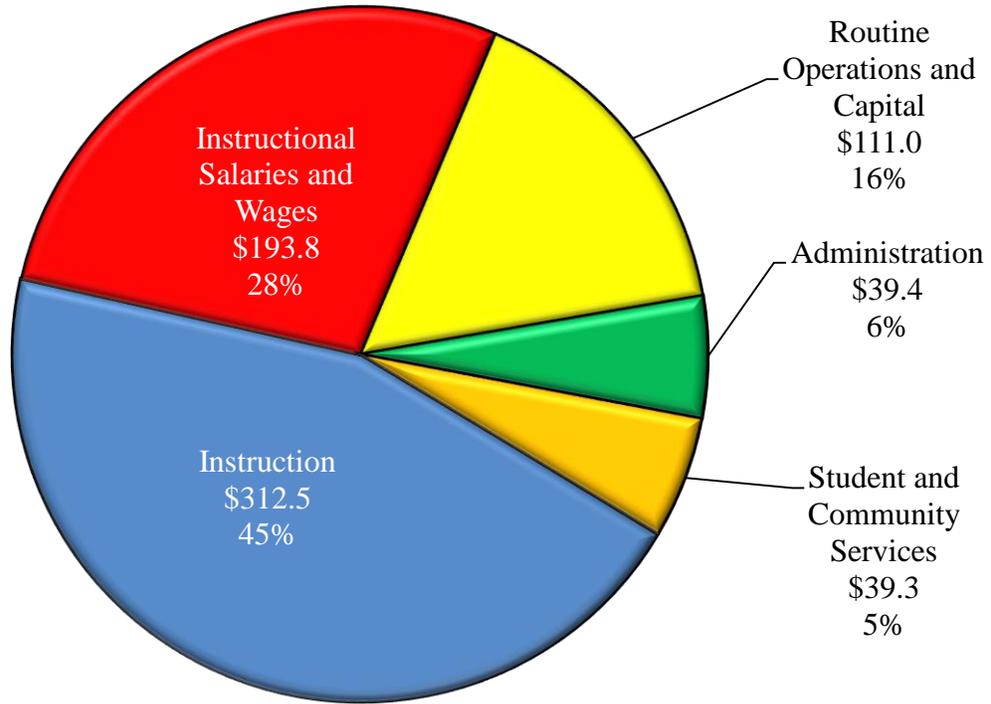
- \$187.1 million, or 7% of this total, in fiscal 2020 from the Coronavirus Aid, Relief, and Economic Security (CARES) Act ESSER I fund distributed based on 2019 Title 1A percentages for COVID-19-related expenses;
- \$781.9 million, or 28% of this total, in fiscal 2021 from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II fund distributed based on 2020 Title IA percentages for safe reopening; and
- \$1.8 billion, or 65% of this total, in fiscal 2022 from the American Rescue Plan Act (ARPA) ESSER III fund based on 2020 Title IA percentages for COVID-19 response and learning loss.

LEAs had to expend CARES ESSER I funds by September 30, 2022. CRRSA ESSER II funds must be expended by September 30, 2023, and ARPA ESSER III funds must be expended by September 30, 2024.

As of December 2022, MSDE reports that LEAs have spent a total of \$1.11 billion, or 41%, of all ESSER funds including \$184.0 million, or 99%, of ESSER I funds; \$446.8 million, or 57.4%, of ESSER II funds; and \$481.0 million, or 27.5%, of ESSER III funds. For a distribution of ESSER funds by LEA, see **Appendix 3**; for expenditures by LEA, see **Appendix 4**.

As part of fiscal 2022 closeout, in June 2022, LEAs also reported total expenditures of \$695.9 million, or 25.7%, of all ESSER funds. Of this amount, LEAs spent \$312.5 million, or 45%, on instruction, which includes special education, textbooks and instructional supplies, and other costs related to the delivery of instruction; \$193.8 million, or 28%, on instructional salaries and wages; \$111.0 million, or 16%, on routine operations and capital; \$39.4 million, or 6%, on administration; and \$39.3 million, or 5%, on student and community services, which includes student health, personnel, and transportation services. **Exhibit 4** shows these amounts by category.

Exhibit 4
Federal Stimulus Fund Expenditures
Fiscal 2020-2022
(\$ in Millions)



Source: Maryland State Department of Education

Legislatively Directed Allocations

As part of Chapter 357 of 2021, in fiscal 2021, 2022, and 2023, LEAs received a total of \$256.6 million in RELIEF Act funds for COVID-19 supplemental programs for tutoring, behavioral health, summer school, school reopening, not including funds allocated for TSI. As part of mandated reporting in Chapter 55 of 2021, LEAs must report these expenditures through calendar 2023. As of September 30, 2022, LEAs have expended \$88.6 million, or 35%, of these funds. **Appendix 5** shows these expenditures by LEA.

Major State Aid to LEAs

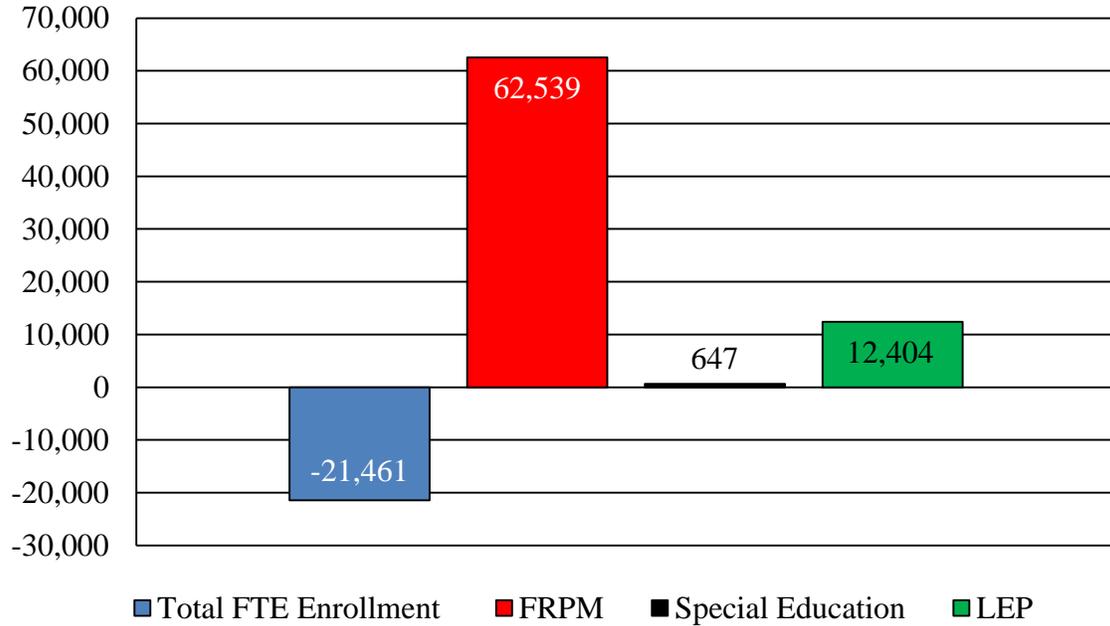
Enrollment

One of the key factors in determining State aid is enrollment. Due to COVID-19-related school closures and students leaving public schools for homeschooling or alternative schooling options, enrollment declined in fall 2020 (utilized to calculate fiscal 2022 funding formulas) and fall 2021 (utilized to calculate fiscal 2023 funding formulas). However, with the return to full-time, in-person instruction in 2022-2023 school year, full-time equivalents (FTE) increased by 4,154 students, or 0.49%, from 848,653 to 852,807. Despite this one-year increase, changes from 2019-2022 school year combine for a total decline of 21,461 students, or 2.45%, from prepandemic levels. In addition to FTE enrollment, other enrollment categories that impact major State aid formula funding are as follows:

- FRPM enrollment increases by 110,503 students, or 34%, from 323,461 in fiscal 2023 (fall 2021 enrollment) to 433,964 in fiscal 2024 (Fall 2022 enrollment). This increase is due to a number of factors including MSDE’s expansion of direct certification to include students enrolled in Medicaid and the end of federally funded free meal benefits for all students as part of pandemic relief. From fall 2019 to fall 2022, FRPM enrollment increases by 62,539 students.
- Special education enrollment increases by 4,642 students, or 4%, from 108,860 in fall 2021 to 113,502 in fall 2022. This increase slightly exceeds prepandemic special education enrollment, which was 112,855. From fall 2019 to 2022, enrollment increases by 647 students.
- LEP enrollment increases by 7,086 students, or 7%, from 98,567 in fall 2021 to 105,653 in fall 2022. With the exception of a slight pandemic decrease in LEP enrollment in fall 2020, this increase continues a steady upward trend; from fall 2019 to 2022, enrollment increased by 12,404.

Exhibit 5 shows these changes from fall 2019 to 2022. For enrollment by LEA, see **Appendix 6** and **Appendix 7**.

**Exhibit 5
Enrollment Change from Fall 2019 to 2022**



FRPM: free or reduced-price meal
FTE: full-time equivalent
LEP: limited English proficiency

Source: Maryland State Department of Education

Fiscal 2024 Funding

Major State aid to LEAs is represented in multiple programs in the Aid to Education budget, including Blueprint program allocations. **Exhibit 6** displays the fiscal 2022 through 2024 allocations by program in the Aid to Education budget.

Exhibit 6
Major State Aid to LEAs
Fiscal 2022-2024
(\$ in Millions)

<u>Program</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Difference</u>	<u>% Difference</u>
Foundation Programs	\$3,413.3	\$3,817.4	\$3,961.0	\$143.6	3.8%
Compensatory Aid	1,286.6	1,295.2	1,686.1	390.9	30.2%
Limited English Proficient	334.3	422.5	470.7	48.2	11.4%
Special Education – Formula Aid	311.1	401.3	464.1	62.8	15.7%
Special Education – Nonpublic	126.7	141.4	145.6	4.2	3.0%
Student Transportation	288.1	336.0	363.4	27.4	8.2%
Guaranteed Tax Base	49.9	45.8	46.8	1.0	2.1%
Head Start/Pre-Kindergarten	29.6	29.6	29.6	0.0	0.0%
Blueprint Programs	811.9	595.4	603.4	8.0	1.3%
Other Education Programs	91.7	146.1	149.4	3.3	2.3%
<i>Subtotal Direct Aid</i>	<i>\$6,743.1</i>	<i>\$7,230.6</i>	<i>\$7,920.0</i>	<i>\$689.4</i>	<i>9.5%</i>
Retirement Payments	\$779.0	\$724.6	\$768.6	\$43.9	6.1%
Total Public School Aid	\$7,522.1	\$7,955.2	\$8,688.5	\$733.3	9.2%

LEA: local education agency

Note: Numbers may not sum due to rounding.

Source: Maryland State Department of Education; Department of Legislative Services

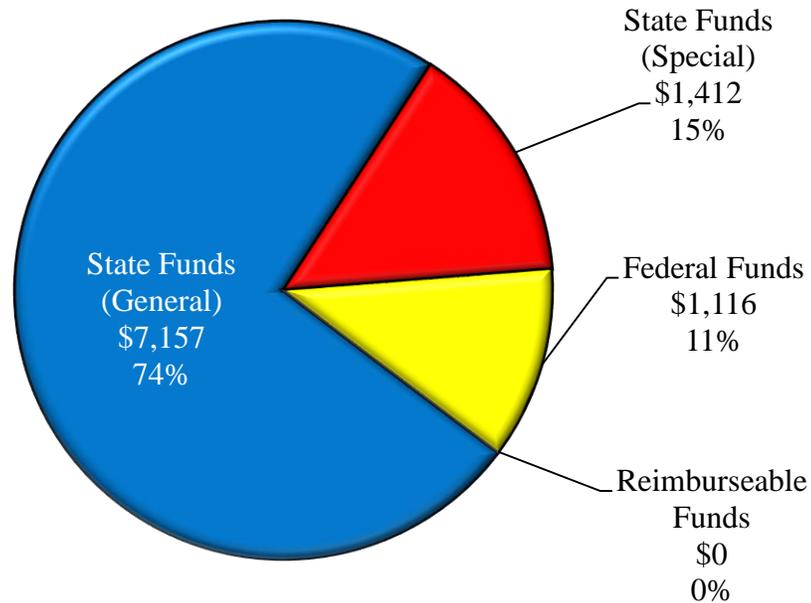
The total allocation for major State aid programs is \$8.7 billion, which is an increase of \$733.3 million, or 9.2%, from the fiscal 2023 allocation of \$8.0 billion. This total includes programs for major State aid, Blueprint programs, and teachers' retirement. **Appendix 1** presents local contributions to teachers' retirement by LEA.

Foundation program allowances increase by \$143.6 million, or 3.8%, from \$3.8 billion in fiscal 2023 to \$4.0 billion. This change reflects an offset between the increase in the per pupil allocation from \$8,310 to \$8,642 as mandated in Chapter 36, and a slight increase in FTE K-12 enrollment. Chapter 36 and enrollment increases also impact compensatory education, which increases by \$390.1 million, or 30.2%; LEP, which increases \$48.2 million, or 11.4%; and special education, which increases by \$62.8 million, or 15.7%. Transportation funding rises due to the formula growing to the statutory maximum of 8% for inflation. Further discussion of major State aid and Blueprint programs can be found in later sections of this analysis.

Fiscal 2024 Overview of Agency Spending

Across all programs in the Aid to Education budget, the total fiscal 2024 allowance is approximately \$9.68 billion, of which approximately 74% is general funds. The majority of funds in the fiscal 2024 Aid to Education allowance go to LEAs and include both general funds and Blueprint special funds. **Exhibit 7** displays the overview of agency spending by fund type in fiscal 2024.

Exhibit 7
Overview of Agency Spending
Fiscal 2024 Allowance
(\$ in Millions)



Total Funds = \$9.68 Billion

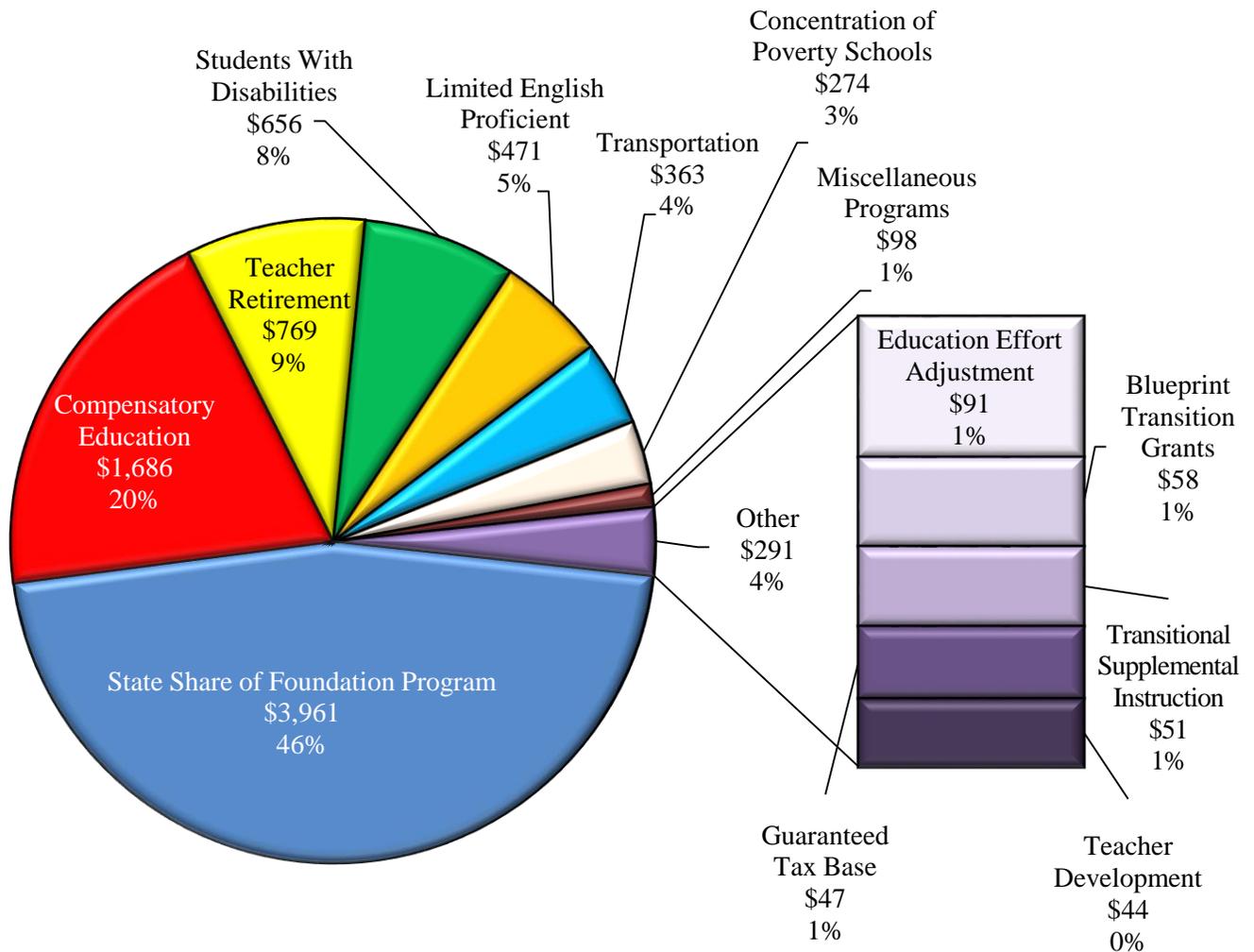
Source: Governor’s Fiscal 2024 Budget Books

State Funds

Out of the \$9.68 billion in the fiscal 2024 Aid to Education budget, \$8.6 billion in State funds encompasses both general and special funds across 19 programs. The \$3.96 billion allowance for State Share of the Foundation program encompasses 46%, or almost half of these funds. Of the total allowance, compensatory education receives \$1.69 billion, or 20%; teacher

retirement receives \$769 million, or 9%; Students with Disabilities receives \$656 million, or 8%; LEP receives \$471 million, or 5%; transportation receives \$363 million, or 4%; and CPG receives \$274 million, or 3%. Remaining programs account for approximately \$435 million, or 5%, of the total allowance. **Exhibit 8** shows these allowances.

Exhibit 8
State Fund Allowance
Fiscal 2024
(\$ in Millions)

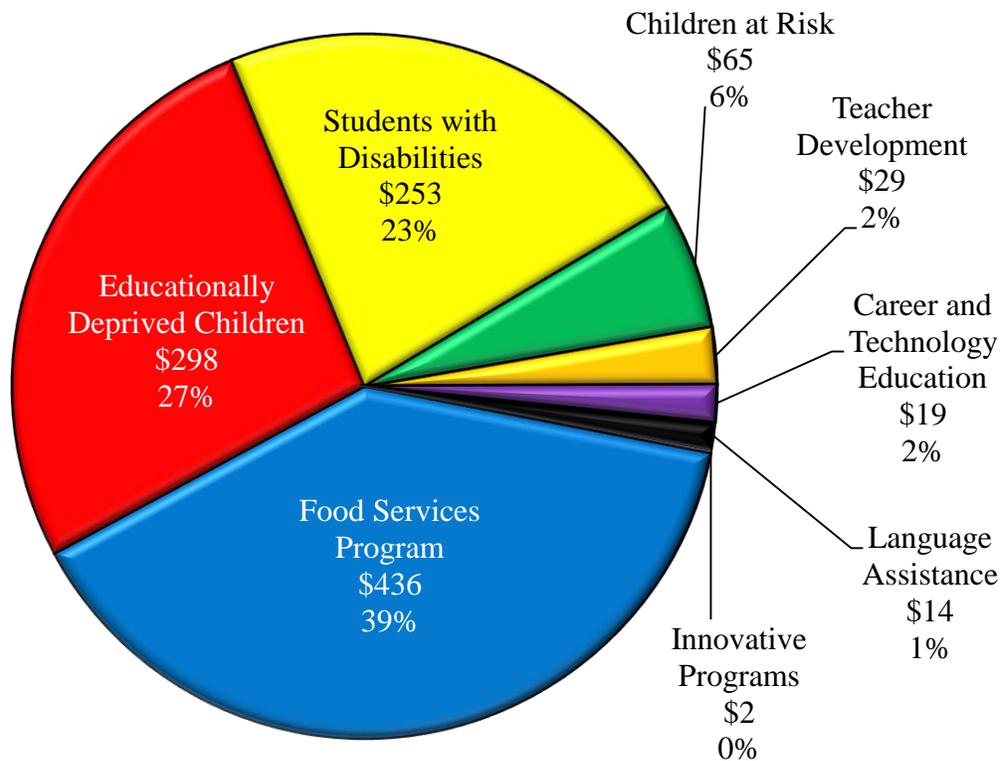


Source: Governor’s Fiscal 2024 Budget Books

Federal Funds

The \$1.1 billion in federal funds allocated in fiscal 2024 is spread across eight programs with \$436 million, or 39%, for food services; \$298 million, or 27%, for Educationally Deprived Children; and \$253 million, or 23%, for special education accounting for the majority of the expenditures. **Exhibit 9** shows the federal fund allowance for fiscal 2023 by program.

Exhibit 9
Federal Fund Allowance
Fiscal 2024
(\$ in Millions)



Source: Governor’s Fiscal 2024 Budget Books

Proposed Budget Change

Exhibit 10 shows the fiscal 2024 proposed budget changes for Aid to Education programs.

Exhibit 10
Proposed Budget
Maryland State Department of Education – Aid to Education
(\$ in Thousands)

How Much It Grows:	General <u>Fund</u>	Special <u>Fund</u>	Federal <u>Fund</u>	Reimb. <u>Fund</u>	<u>Total</u>
Fiscal 2022 Actual	\$6,505,922	\$669,478	\$3,696,382	\$0	\$10,871,781
Fiscal 2023 Working Appropriation	7,006,848	720,815	1,055,845	90	8,783,599
Fiscal 2024 Allowance	<u>7,156,858</u>	<u>1,411,625</u>	<u>1,115,874</u>	<u>90</u>	<u>9,684,446</u>
Fiscal 2023-2024 Amount Change	\$150,009	\$690,809	\$60,029	\$0	\$900,847
Fiscal 2023-2024 Percent Change	2.1%	95.8%	5.7%		10.3%
Where It Goes:					<u>Change</u>
Changes to Major State Aid Programs					
Net change in compensatory education grant including fiscal 2023 hold harmless ...					\$390,853
State share of the Foundation Program.....					108,193
Students with Disabilities formula funding					62,837
Limited English Proficiency					48,195
Teacher retirement					43,915
Discretionary supplemental grants in State Share of the Foundation.....					37,342
Transportation, regular ridership, and students with disabilities, 8% inflation					27,404
Infant and Toddlers program					1,142
Guaranteed Tax Base.....					975
Net change in Regional Cost Difference					-1,934
Programs Created/Required by Blueprint for Maryland’s Future					
Concentration of Poverty grants					84,004
Teacher development and support programs including fiscal 2023 deficiency allocation.....					1,512
Transitional Supplemental Instruction.....					1,372
College and Career Readiness					1,218
Career Ladder program.....					501
MSDE financial management system.....					-5,000
Education Effort Adjustment.....					-34,602
Other General Fund Changes					
Maryland Educator Shortage Act contingent appropriation (HB 1219/SB 893)...					15,000
Nonpublic placements					4,200
School for Educational Evolution and Development (SEED).....					491
Adult High School Pilot Program.....					250

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Where It Goes:	<u>Change</u>
Pathways in Technology Early College High School including fiscal 2023 deficiency allocation	218
Environmental and outdoor education grant for Maryland Green Schools Act mandate	4
Arts in Education grant phase out in fiscal 2024 (Chapter 681 of 2019)	-100
Menstrual Hygiene Product Grants phase out in fiscal 2024 (Chapter 706 of 2021) ..	-500
Fiscal 2023 Legislatively Directed Initiatives	
Transfer of funding for the Bonus for Noncertificated Support Professionals (Chapter 531 of 2022), previously budgeted in MSDE Headquarters	22,326
Maggie McIntosh School Arts Fund.....	250
Operating grant to Thread.....	-750
Learning for Extended Academic Programs.....	-4,500
Transfer of funds from the dedicated Purpose Account to support the addition of 1,500 slots for Autism Waiver.....	-10,000
Fiscal 2023 Federal Funds for COVID-19 Relief	
American Rescue Plan Elementary and Secondary School Emergency Relief Funds for Local Education Agencies	-37,804
American Rescue Plan Emergency Assistance to Nonpublic Schools	-39,049
Other Federal Grant Changes	
Food service programs.....	116,727
Assistance to Students with Disabilities	31,866
Grants for SEED	31,494
Title I grants for Educationally Deprived Children	14,969
Career and Technology Education.....	4,195
Improving Teacher Quality grants in teacher development	1,180
Federal grants in Innovative Programs	-21,102
Other Miscellaneous Changes	3,555
Total	\$900,847

MSDE: Maryland State Department of Education

Note: Numbers may not sum to total due to rounding.

Changes in the Aid to Education Budget

The fiscal 2024 Aid to Education budget increases overall by \$901 million, or 10.3%, from \$8.8 billion in fiscal 2023 to \$9.7 billion in fiscal 2024. This change primarily reflects increases for State aid programs and federal funds offset by decreases in federal stimulus funding and other changes.

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Significant increases in the proposed budget from fiscal 2023 to 2024 include:

- \$674.8 million for State aid programs, including State Share of the Foundation, compensatory education, Students with Disabilities, LEP, and transportation;
- \$199.2 million in federal grants for food service, Assistance to Students with Disabilities, Educationally Deprived Children, and the SEED School; and
- \$84.0 million for Concentration of Poverty personnel and per pupil grants.

Significant decreases in the proposed budget from fiscal 2023 to 2024 include:

- \$76.9 million in one-time direct federal stimulus fund aid allocated to LEAs in fiscal 2023;
- \$37.3 million in discretionary supplemental grants to provide an equivalent amount of direct aid in State Share of the Foundation, \$5.1 million for Allegany County and \$32.2 million for Baltimore City;
- \$34.6 million for the Education Effort Adjustment; and
- \$21.1 million for federal grants for Innovative Programs.

Detailed information on changes in the Aid to Education budget are in **Appendix 9**.

Maryland Educator Shortage Act of 2023

The fiscal 2024 allowance provides a contingent appropriation in Innovative Programs of \$15.0 million in general funds for the Maryland Educator Shortage Act of 2023 (HB 1219/SB 893) to enhance teacher recruitment and retention. This legislation transfers administration of the Teaching Fellows for Maryland program to MSDE and requires the agency to establish goals for the recruitment and retention of Maryland teachers as well as create two programs: the Grow Our Own Educators Scholarship Program and Fund to provide scholarships to individuals who pledge to work full time as a teacher in the State; and the Educator Internship Stipend Program.

MSDE should comment on this bill and how it will address issues of teacher recruitment and retention.

Blueprint for Maryland’s Future Grant Program

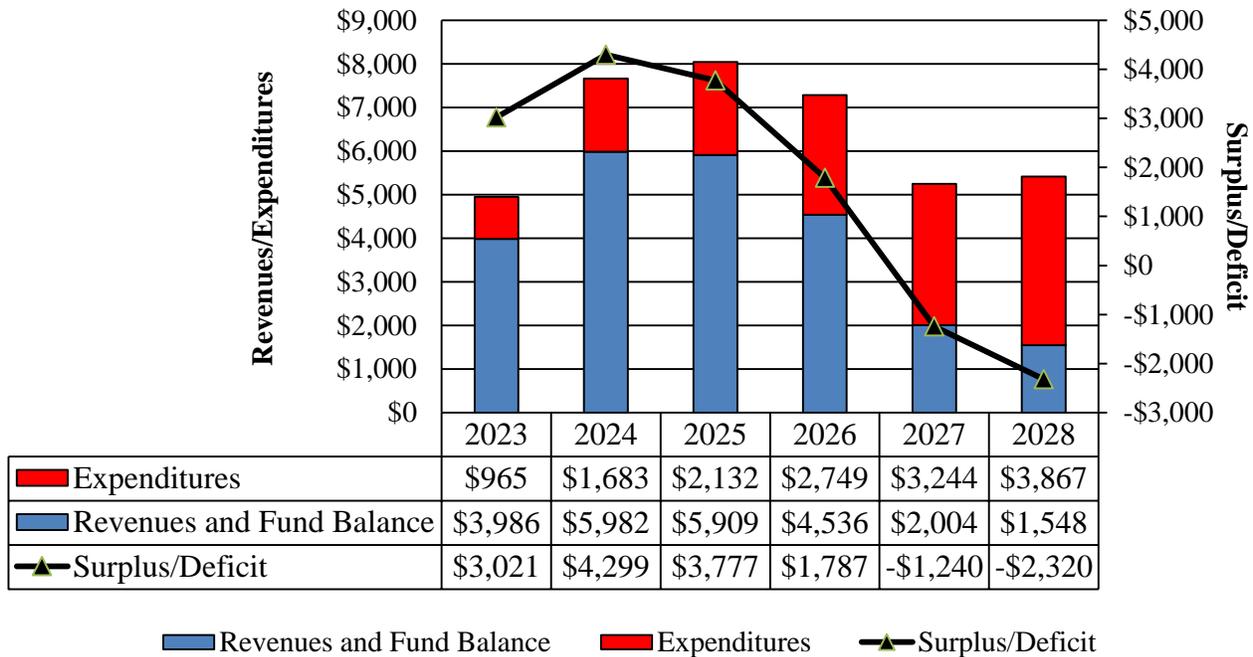
Fiscal 2024 is the second year of implementation for Chapters 36 and 55, which specify activities that are eligible to be funded with revenues from the Blueprint Fund. The Blueprint Fund started fiscal 2023 with a balance of \$964.3 million, with fiscal 2023 Blueprint Fund revenues totaling \$3.0 billion including \$800 million diverted from income tax revenues. The Blueprint Fund is projected to end the year with a balance of \$2.1 billion. In fiscal 2024, the \$2.1 billion

balance is supplemented with a proposed transfer of \$500 million from the Rainy Day Fund. With these supplementary appropriations, revenues and balances are sufficient to cover all the costs expected to be charged to the Blueprint Fund through fiscal 2026.

However, starting in fiscal 2027, with increases in expenditures covered by the Blueprint Fund, the fund would not have adequate revenues to cover all eligible program costs. This deficit would potentially result in a general fund contribution of approximately \$1.5 billion in fiscal 2027, with Blueprint program costs projected to exceed revenues by approximately \$2.3 billion in fiscal 2028.

In the fiscal 2024 proposed budget, the Blueprint Fund has a starting balance of \$2.1 billion. Projected revenues total \$1.9 billion, with expenditures from the fund totaling \$1.7 billion. With these expenditures, the balance remaining for fiscal 2025 totals \$2.2 billion. **Exhibit 11** illustrates how increasing expenditures are anticipated to impact the Blueprint Fund balance through fiscal 2028.

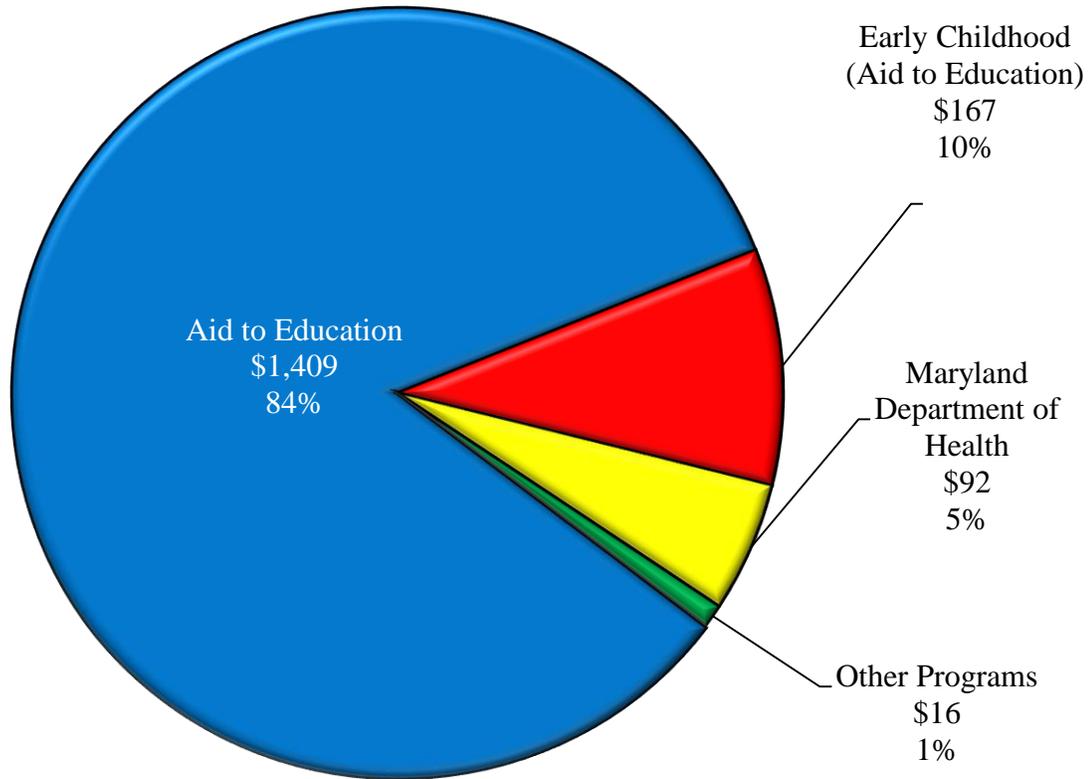
Exhibit 11
Blueprint Fund Revenues and Expenditures
Fiscal 2023-2028
(\$ in Millions)



Source: Department of Budget and Management; Department of Legislative Services

The fiscal 2024 allowance of \$1.7 billion in Blueprint funds is divided across multiple agencies and program areas. **Exhibit 12** displays programs in the State budget funded through the Blueprint Fund in fiscal 2024.

Exhibit 12
Blueprint Programs in the State Budget
Fiscal 2024
(\$ in Millions)



Note: Does not include \$125.0 million in debt service for the Built to Learn program.

Source: Governor’s Fiscal 2024 Budget Books; Department of Legislative Services

Exhibit 13 shows the allocation of Blueprint Funds by program.

Exhibit 13
Blueprint Program Budget
Fiscal 2023-2024
(\$ in Millions)

<u>Blueprint Program</u>	<u>2023</u>	<u>2024</u>	<u>Difference</u>	<u>% of Total</u>
Compensatory Education	\$0.0	\$390.8	\$390.8	23%
Concentration of Poverty Grant	190.3	274.3	84.0	16%
Regional Cost Difference	157.9	156.0	-1.9	9%
Special Education	90.2	153.1	62.9	9%
Limited English Proficiency	88.2	136.4	48.2	8%
Prekindergarten	144.1	99.6	-44.5	6%
Education Effort	0.0	91.1	91.1	5%
Maryland Department of Health	56.5	91.5	35.0	5%
Early Childhood Programs and Grants	61.1	67.2	6.1	4%
Blueprint Transition Grants	57.7	57.7	0.0	3%
Transitional Supplemental Instruction	4.0	51.3	47.3	3%
Foundation Program	59.5	42.0	-17.5	2%
Teacher Development and Support	16.1	24.8	8.7	1%
College and Career Readiness	18.7	19.9	1.2	1%
Other Programs	9.8	15.6	5.8	1%
Career Ladder	9.0	9.5	0.5	1%
CTE Innovation Grant	2.0	2.0	0.0	0%
Total	\$965.1	\$1,682.8	\$717.7	100%

CTE: Career and Technology Education

Note: Does not include \$125.0 million in debt service for the Built to Learn program.

Source: Governor’s Fiscal 2024 Budget Books; Department of Legislative Services

Issues

1. Final State-aid Submission Delayed; Adjustments Underway

MSDE has the primary responsibility for calculating major State aid formulas. For fiscal 2024, MSDE and DBM are currently responding to an error in the net taxable income (NTI) data, finalizing FRPM enrollment counts and final calculations for compensatory education and CPG, and determining local MOE for LEAs.

Net Taxable Income Adjustment in Process

The Comptroller of Maryland annually produces a report that provides the NTI data referenced previously for the calculation of several State aid formulas; the report was released in early December 2022. However, delays in processing tax returns led the Comptroller to issue a revised report in January 2023 showing 20% increases in county tax revenues rather than the 8.5% increase shown in the earlier report. Using the updated information results in a slight change in State aid for LEAs, which will likely be resolved in a supplemental budget. **Exhibit 14** shows the direct aid to public schools by jurisdiction, which accounts for updated NTI results and updated enrollment figures as compared to the allowance, resulting in a net decrease of \$38.2 million. Although the change has varying impacts on each jurisdiction, **Exhibit 15** shows that overall State aid for LEAs increases significantly for most jurisdictions despite these changes.

Exhibit 14
Updated Net Taxable Income Adjustment for State Aid
Fiscal 2024
(\$ in Millions)

<u>LEA</u>	<u>Allowance</u>	<u>Revised</u>	<u>Difference</u>	<u>% Difference</u>
Allegany	\$96,958,856	\$96,958,856	\$0	0.0%
Anne Arundel	532,562,827	531,726,264	-836,563	-0.2%
Baltimore City	1,121,311,726	1,121,311,726	0	0.0%
Baltimore	932,978,752	902,795,476	-30,183,276	-3.2%
Calvert	110,142,043	111,210,605	1,068,562	1.0%
Caroline	77,306,958	77,172,580	-134,378	-0.2%
Carroll	176,893,255	178,978,998	2,085,743	1.2%
Cecil	134,087,611	136,345,948	2,258,337	1.7%
Charles	250,653,160	258,386,878	7,733,718	3.1%
Dorchester	58,251,220	56,499,609	-1,751,611	-3.0%

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<u>LEA</u>	<u>Allowance</u>	<u>Revised</u>	<u>Difference</u>	<u>% Difference</u>
Frederick	\$364,189,406	\$ 367,561,628	\$ 3,372,222	0.9%
Garrett	26,116,405	26,326,087	209,682	0.8%
Harford	298,162,248	297,983,813	-178,435	-0.1%
Howard	359,376,119	357,296,935	-2,079,184	-0.6%
Kent	11,665,431	11,620,287	-45,144	-0.4%
Montgomery	963,951,985	939,149,169	-24,802,816	-2.6%
Prince George's	1,538,502,120	1,545,296,077	6,793,957	0.4%
Queen Anne's	43,779,135	43,110,303	-668,832	-1.5%
St. Mary's	144,325,473	145,623,142	1,297,669	0.9%
Somerset	43,392,134	43,171,894	-220,240	-0.5%
Talbot	21,052,783	21,027,723	-25,060	-0.1%
Washington	240,102,808	240,147,930	45,122	0.0%
Wicomico	197,049,060	195,062,629	-1,986,431	-1.0%
Worcester	28,612,114	28,599,969	-12,145	0.0%
Unallocated	148,543,682	148,390,831	-152,851	-0.1%
Total	\$7,919,967,311	\$7,881,755,358	-\$38,211,953	-0.5%

Note: Assumes that hold harmless grants, which make use of Department of Budget and Management/Maryland State Department of Education allocations, are adjusted to fit revisions to all other direct aid. The Department of Legislative Services uses different allocations, which results in fiscal 2024 versus fiscal 2023 differences that are not equal to zero for jurisdictions receiving hold harmless grants (Allegany County and Baltimore City).

Source: Department of Legislative Services

Exhibit 15
Education Aid Grows Almost \$700 Million
After Net Taxable Income Adjustment
Fiscal 2023-2024
(\$ in Millions)

<u>County</u>	<u>Fiscal 2023</u>	<u>Revised Fiscal 2024</u>	<u>Difference</u>	<u>% Difference</u>
Allegany	\$96,957,931	\$96,958,856	\$925	0.0%
Anne Arundel	470,698,255	531,726,264	61,028,009	13.0%
Baltimore City	1,121,795,960	1,121,311,726	-484,234	0.0%
Baltimore	836,623,296	902,795,476	66,172,180	7.9%
Calvert	102,916,479	111,210,605	8,294,126	8.1%
Caroline	68,913,027	77,172,580	8,259,553	12.0%
Carroll	157,713,836	178,978,998	21,265,162	13.5%
Cecil	119,154,145	136,345,948	17,191,803	14.4%
Charles	222,640,357	258,386,878	35,746,521	16.1%
Dorchester	55,006,093	56,499,609	1,493,516	2.7%
Frederick	329,415,927	367,561,628	38,145,701	11.6%
Garrett	24,669,957	26,326,087	1,656,130	6.7%
Harford	263,293,133	297,983,813	34,690,680	13.2%
Howard	331,490,603	357,296,935	25,806,332	7.8%
Kent	11,263,421	11,620,287	356,866	3.2%
Montgomery	868,171,586	939,149,169	70,977,583	8.2%
Prince George's	1,348,134,234	1,545,296,077	197,161,843	14.6%
Queen Anne's	42,327,060	43,110,303	783,243	1.9%
St. Mary's	127,120,904	145,623,142	18,502,238	14.6%
Somerset	41,161,717	43,171,894	2,010,177	4.9%
Talbot	18,759,587	21,027,723	2,268,136	12.1%
Washington	215,590,168	240,147,930	24,557,762	11.4%
Wicomico	183,540,876	195,062,629	11,521,753	6.3%
Worcester	25,454,844	28,599,969	3,145,125	12.4%
Unallocated	147,761,482	148,390,831	629,349	0.4%
Total	\$7,230,574,878	\$7,881,755,358	\$651,180,480	9.0%

Note: Assumes that hold harmless grants, which make use of Department of Budget and Management/Maryland State Department of Education allocations, are adjusted to fit revisions to all other direct aid. The Department of Legislative Services uses different allocations, which results in fiscal 2024 versus fiscal 2023 differences that are not equal to zero for jurisdictions receiving hold harmless grants (Allegany County and Baltimore City).

Source: Department of Legislative Services

Collection of Enrollment Data May Need Attention

Two recent audits by the Office of Legislative Audits and the Office of the Inspector General for Education documented inconsistencies in the enrollment and attendance counts for LEAs, as well as issues with MSDE oversight and audit of these enrollment counts. Counting enrollment accurately is complicated, especially with recent changes to the law for Blueprint program implementation. For example, § 5-222 of the Education Article requires MSDE to count FRPM students in the prior fiscal year by school to determine a final “greater than” count for compensatory education enrollment. This process requires school-level FRPM counts in all LEAs including districts that qualify for the Community Eligibility Provision (CEP), which is different than the federal requirements for counting students in CEP schools. DLS’ review of initial, school-level FRPM enrollment data submitted by MSDE indicated that school-level counts for CPG did not always match LEA aggregate counts and that MSDE may not have collected the necessary data to apply the “greater than” calculation for the compensatory education funding.

With these concerns in mind, DLS recommends the addition of restrictive language directing MSDE to report on how the agency and LEAs conduct school-level FRPM enrollment counts.

Local Maintenance of Effort Calculations

Starting in fiscal 2023, MSDE must calculate an LEA’s MOE as part of State aid calculations related to Chapter 36 implementation prior to the start of the fiscal year. MSDE is responsible for these preliminary calculations as well as collecting the data that determines MOE for each LEA. In December, prior to the start of session, MOE certifications are processed and shared with DLS for the upcoming fiscal year. However, MSDE has not yet submitted these data to DLS. **Appendix 8** shows the DLS calculation for local education effort by LEA.

MSDE should comment on the delay in fiscal 2024 final calculations for MOE.

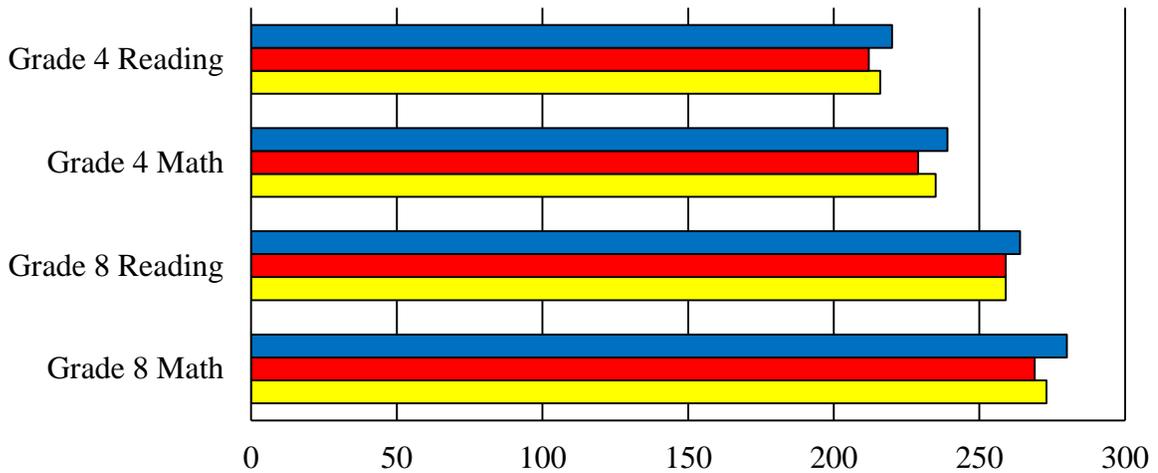
2. National and State Assessments Document Student Learning Loss

Learning loss is a well-documented phenomenon usually associated with the loss in academic skills some students experience between school years due to summer break. During the COVID-19 pandemic, learning loss also became associated with the learning gaps related to school closures, loss of instructional time, and the inability of states to administer formative and summative assessments of student academic progress. This type of learning loss is sometimes called “Covid slide.”

The recent release of the National Assessment of Educational Progress, also called the “Nation’s Report Card,” identifies the scope of this problem. Most states saw scores decline between calendar 2019 and 2022 in grades 4 and 8 in reading and math, with no improvements in math in any state or large urban district. **Exhibit 16** shows that in Maryland, student scores declined between calendar 2019 and 2022 in all tested areas:

- in grade 4 reading, scores declined by 8 points and were 4 points below the national average;
- in grade 4 math, scores declined by 10 points and were 6 points below the national average;
- in grade 8 reading, scores declined by 5 points but remained at the national average; and
- in grade 8 math, scores declined by 11 points and were 4 points below the national average.

Exhibit 16
Maryland Scores on the National Assessment of Educational Progress
Calendar 2022

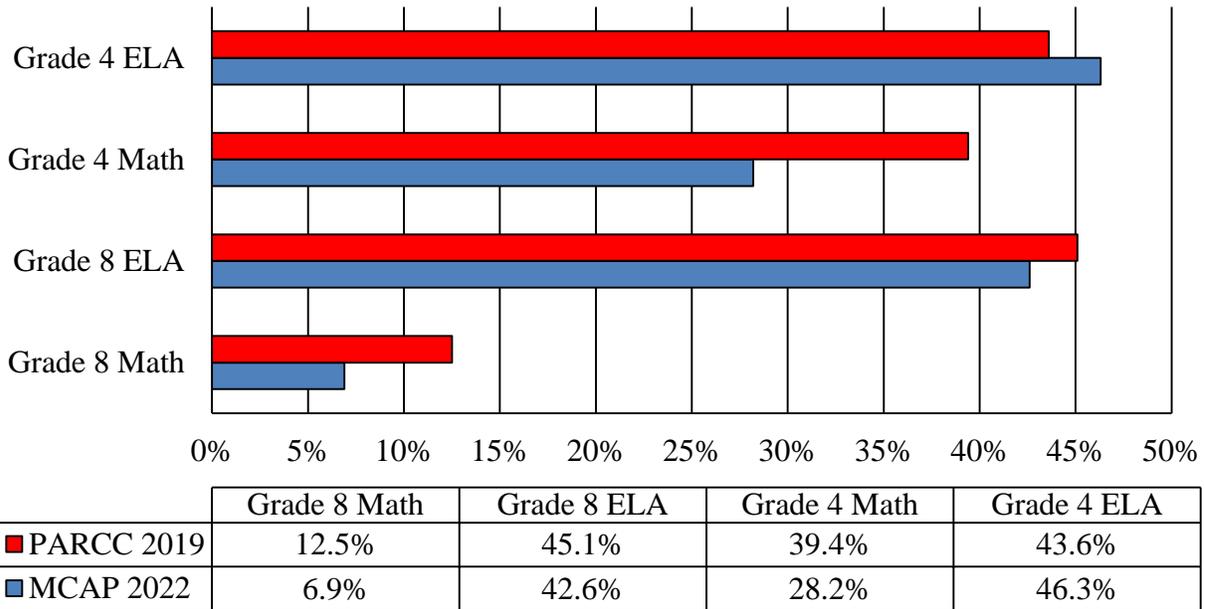


	Grade 8 Math	Grade 8 Reading	Grade 4 Math	Grade 4 Reading
■ 2019	280	264	239	220
■ 2022	269	259	229	212
■ National Average 2022	273	259	235	216

Source: National Assessment of Educational Progress; Department of Legislative Services

Analysis of PARCC and MCAP scores show a similar pattern. Comparing only students in grades 4 and 8 who scored proficient or distinguished on MCAP assessments to students who met or exceeded expectations on the PARCC assessments, from spring 2019 to 2022, grade 4 ELA proficiency scores increased slightly, from 43.6% to 46.3%; however, grade 4 math, grade 8 ELA, and grade 8 math all decreased, with grade 8 math scores particularly low, 12.5% and 6.9%, respectively, on the PARCC and MCAP assessments. **Exhibit 17** displays these data.

**Exhibit 17
Comparison of PARCC and MCAP Scores
Calendar 2019 and 2022**



ELA: English/language arts
 MCAP: Maryland Comprehensive Assessment Program
 PARCC: Partnership for Assessment of Readiness

Source: Maryland State Department of Education

These data suggest that documenting learning loss accurately is an important issue that needs sustained attention. In calendar 2022, MSDE provided similar data in presentations to the State Board of Education, tracking learning loss across subjects, grade levels, and special groups such as LEP and special education students. MSDE also submitted committee narrative in calendar 2022 on certification of MCAP assessments and their cost, as well as a timetable for new MCAP assessments in social studies and science. **DLS recommends the continued submission of a report on MCAP administration, costs, as well as data on student learning loss.**

4. Costs Increase with Slots Added to Autism Waiver Program

In fiscal 2023, the Autism Waiver program received \$30.0 million in Supplemental Budget No. 5 as part of legislatively directed initiatives funded in the DPA. This additional funding was

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intended to move approximately 1,500 individuals off the autism waiver registry, which currently has over 6,000 individuals. According to the *2022 Joint Chairmen’s Report* (JCR) on this program, MSDE reported that due to the time needed to process federal approvals for these slots through the Home- and Community-based Services waiver, the agency expects to add 1,500 slots in fiscal 2024. With this shift in the timeframe for onboarding individuals for this program, funding provided in fiscal 2023 will be allocated in fiscal 2024 and 2025.

The fiscal 2024 proposed budget reflects a \$10.0 million decrease in funding for the Autism Waiver program as no DPA funds are included in the allowance. Although not budgeted, MSDE plans to apply approximately \$25.7 million of the DPA funding to the program in fiscal 2024. After fiscal 2024, with the addition of 100 slots per year and anticipated increases in the cost per student per year, in fiscal 2025, the program is projected to cost \$60.9 million for 2,855 slots, with \$4.3 million applied from the remaining DPA funds. MSDE expects all individuals on the waitlist will receive services in fiscal 2027 at a projected cost of \$70.4 million. **Exhibit 18** shows projected spending for fiscal 2023 to 2027 estimated.

Exhibit 18
Autism Waiver Funding
Fiscal 2023-2027 Est.
(\$ in Thousands)

	<u>2023</u>	<u>2024</u>	<u>2025 Est.</u>	<u>2026 Est.</u>	<u>2027 Est.</u>
Estimated Average Cost Per Student	\$21	\$21	\$21	\$22	\$23
Slots	1,500	2,755	2,855	2,955	3,055
Total Funds Needed for Program	\$30,744	\$56,466	\$60,857	\$65,508	\$70,434
Fiscal 2024 Allowance	\$30,744	\$30,744	\$30,744	\$30,744	\$30,744
Special Funds from Dedicated Purpose Account	0	25,722	4,278	0	0
General Funds Needed Above Current Allowance		\$0	\$25,835	\$34,764	\$39,690

Source: Maryland State Department of Education; Department of Legislative Services

As part of this JCR request, MSDE was asked to comment on the process by which individuals are identified for services and reasons for the high number of individuals on the registry. In their response, MSDE noted that in the past, the autism waiver operated as a registry, not a waitlist, with a first-come, first-served approach, and evaluation of individuals as a slot became available. With new requirements passed in Chapter 464 of 2022, MSDE and the Maryland

Department of Health (MDH) are transitioning the registry to a waitlist of eligible individuals. This transition is expected to be completed in March 2023. **Due to the ongoing changes to the Autism Waiver program, DLS recommends that MSDE continue to submit a report on this program.**

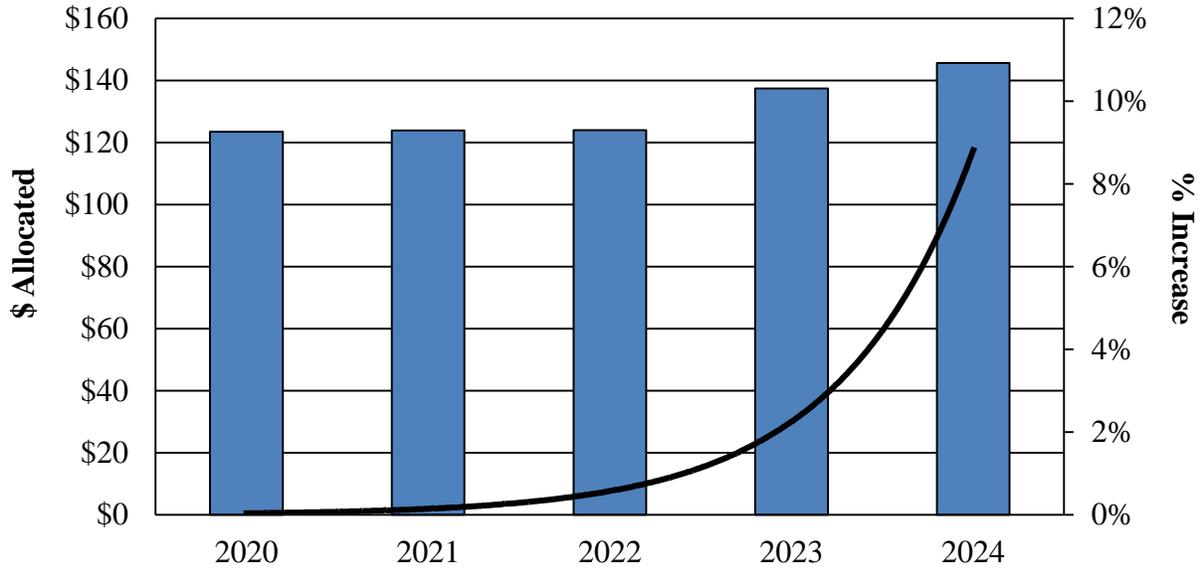
5. Nonpublic Placement Program Costs Increase in Fiscal 2024

As part of a 2022 JCR request, MSDE was required to submit a closeout report on nonpublic placements and the reimbursement schedule for nonpublic special education schools. This report noted that MSDE is moving forward with a new framework and procedures that should speed up the reconciliation process. To that end, in fiscal 2022, MSDE reported that final expenditures totaled \$126.1 million, which is \$1.2 million less than the final appropriation. This amount included additional funding for higher teacher salaries in nonpublic special education schools totaling \$3.6 million.

Per Chapter 700, in fiscal 2023 the Governor was required to use unexpended appropriations from fiscal 2020 and 2021 to fund an increase of 4% over the amount approved by MSDE in fiscal 2022 plus an additional increase of not less than 2% or the Consumer Price Index (whichever is greater). The fiscal 2023 budget as introduced allocated \$132.1 million for nonpublic placements, but to meet Chapter 700 requirements, the Governor provided funds in Fiscal 2023 Supplemental Budgets No. 3 and No. 5 for this purpose, including \$4.0 million in funds for nonpublic special education teacher salaries increases and \$5.3 million for 4% provider rate increases, respectively. These allocations resulted in a final working appropriation for fiscal 2023 of \$141.4 million.

The provider rate allocation in fiscal 2023 raised the base budget for this program to \$137.4 million, which when compared to fiscal 2022 actuals, represents an 11% increase. In fiscal 2024, the proposed budget totals \$145.6 million, which is a \$4.2 million increase over the fiscal 2023 working appropriation. **Exhibit 19** shows these allocations and expenditures from fiscal 2020 to 2024.

Exhibit 19
Nonpublic Placement Funding
Fiscal 2020-2024
(\$ in Millions)



Note: Fiscal 2023 amount does not include \$4.0 million for nonpublic special education teacher salaries.

Source: Maryland State Department of Education

Due to continued increases in funding, DLS recommends that MSDE continue to submit a closeout report for this program.

Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

, provided that \$100,000 of this appropriation made for the purpose of the Maryland State Department of Education Office of the State Superintendent may not be expended until the agency submits to the budget committees a report by August 1, 2023, on the agency’s enrollment collection procedures for free and reduced-price meal (FRPM) students for fiscal 2024 (2023-2024 school year). This report should include the following enrollment data by local education agency (LEA) and school:

- (1) the number of free, reduced-price, and paid meal students;
- (2) the number of FRPM students identified using direct certification and other eligible categories;
- (3) greater than comparisons by LEA used to calculate compensatory education enrollment;
- (4) Community Eligibility Provision (CEP) enrollment and collection procedures used for CEP schools and districts.

This report should also include procedures used to collect and audit LEA enrollment data to check for omissions, errors, or other irregularities, and if applicable, a description of changes to enrollment collection procedures for fiscal 2025.

The budget committees shall have 45 days to review and comment from the date of receipt of the report. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: The Maryland State Department of Education (MSDE) is responsible for accurate counts of FRPM students to determine student eligibility for FRPM benefits as well as funding of the compensatory education and concentration of poverty grant programs. Due to issues involving enrollment counts in recent audits and submitted fiscal 2024 data, this language directs MSDE to submit a report regarding actions the agency is taking to resolve these findings.

Information Request	Author	Due Date
Report on FRPM enrollment	MSDE	August 1, 2023

2. Adopt the following narrative:

Report on the Nonpublic Placement Program: The budget committees are concerned about accelerating costs for the Nonpublic Placement program, the timely reimbursement of Nonpublic Placement providers, and actions taken by the Maryland State Department of Education (MSDE) to rectify these issues. The budget committees request that MSDE submit a report by October 1, 2023, with (1) program closeout data for fiscal 2023 by provider including annual reimbursement costs and documentation on potential remaining discrepancies at the end of the fiscal year and (2) actions taken in fiscal 2022 and 2023 by the agency to reimburse nonpublic placement providers in a timelier manner.

Information Request	Author	Due Date
Report on the nonpublic placement program	MSDE	October 1, 2023

3. Adopt the following narrative:

Status Update on the Pathways in Technology Early College High School Program (P-TECH): The budget committees are concerned about increasing costs for the P-TECH program, which is managed by the Maryland State Department of Education (MSDE) and local education agencies (LEA). Costs for the P-TECH program are determined by a variety of factors including student enrollment in community college courses and the costs for those courses in any given year. The budget committees request that MSDE submit a status update on the P-TECH program by August 1, 2023, that provides the following information regarding this issue:

- current enrollment in all P-TECH programs by high school, community college, cohort, and entry year;
- projected enrollment in all P-TECH programs in the 2023-2024 and 2024-2025 school years;
- the total number of students who left the program in any given year and reasons for departure;
- the total number of students who have graduated by program and the percentage completion rate;
- community college courses attended by P-TECH students with a cost per course per semester;

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- current cost for the program in fiscal 2024 and total projected cost for the program in fiscal 2025;
- projected average cost by student, program, and LEA for fiscal 2024 and 2025, including supplemental school and college grants by institution and LEA.

Information Request	Author	Due Date
Status update on P-TECH	MSDE	August 1, 2023

4. Adopt the following narrative:

Status Report on the Maryland Comprehensive Assessment Program (MCAP): The committees are concerned by disruptions to learning and learning loss due to the COVID-19 pandemic and increased costs for new MCAP assessment development in the next few years. The committees request that by November 1, 2023, the Maryland State Department of Education (MSDE) submit a status update on MCAP assessments and expenditures including, but not limited to:

- a timetable for MCAP administration for all assessments for school year 2023-2024 and 2024-2025, including field testing and pilots for new assessments;
- details on MCAP measurement of student learning loss in school year 2022-2023 by local education agency (LEA), subject area, grade level, and assessment, as well as additional steps taken, if any, by MSDE at the State level to measure student learning loss;
- details on MCAP administration in school year 2022-2023 for virtual school students by LEA, program, grade level, and assessment, including alternative assessments and Kindergarten Readiness and anticipated changes, if any, to assessments for virtual school students in school year 2023-2024 and 2024-2025;
- expenditures in fiscal 2023 and 2024 and anticipated allowances for fiscal 2025, for each MCAP assessment and assessments under development; and
- contractual expenditures by vendor for fiscal 2023 and 2024 and anticipated contractual expenditures in fiscal 2025, for costs associated with assessment development and administration.

Information Request	Author	Due Date
Status report on MCAP	MSDE	November 1, 2023

5. Adopt the following narrative:

Status Update on the Autism Waiver Program: The budget committees are concerned about the Autism Waiver program, which currently has a waitlist of more than 6,000 individuals and is managed by the Maryland State Department of Education (MSDE). The budget committees that MSDE submit a status update on this program by September 1, 2023, that provides the following information:

- current number of waiver slots requested and approved;
- plans to contact all currently waitlisted individuals for a review of their eligibility for the Autism Waiver waitlist;
- a timeline for these actions;
- anticipated administrative costs for these actions;
- an update on the number of individuals in the Autism Waiver program and on the autism waiver waitlist as of the date of the report; and
- projected costs for Autism Waiver services considering anticipated changes in the management of the autism waiver list for fiscal 2024 through 2028.

Information Request	Author	Due Date
Status update on the Autism Waiver program	MSDE	September 1, 2023

Appendix 1
Local Teachers’ Retirement Costs
Fiscal 2023-2024

<u>County</u>	<u>Local Share (Normal Cost)</u>			<u>Local Administrative Costs</u>		
	<u>2023</u>	<u>2024</u>	<u>Difference</u>	<u>2023</u>	<u>2024</u>	<u>Difference</u>
Allegany	\$3,224,589	\$3,273,197	\$48,608	\$141,053	\$163,681	\$22,628
Anne Arundel	32,443,555	33,034,674	591,119	1,419,178	1,651,951	232,773
Baltimore City	30,351,924	31,266,708	914,784	1,327,684	1,563,541	235,857
Baltimore	44,795,063	46,601,798	1,806,735	1,959,470	2,330,396	370,926
Calvert	6,601,917	6,613,485	11,567	288,788	330,718	41,930
Caroline	2,240,444	2,203,230	-37,215	98,004	110,176	12,172
Carroll	9,599,604	9,724,608	125,004	419,915	486,294	66,379
Cecil	6,338,556	6,547,313	208,757	277,267	327,409	50,141
Charles	10,402,956	10,361,604	-41,353	455,056	518,148	63,092
Dorchester	1,863,026	1,919,567	56,541	81,494	95,991	14,497
Frederick	16,544,994	17,428,872	883,878	723,727	871,558	147,831
Garrett	1,416,218	1,501,053	84,835	61,950	75,063	13,113
Harford	13,899,773	14,675,673	775,901	608,018	733,880	125,862
Howard	27,546,558	28,006,648	460,091	1,204,969	1,400,516	195,548
Kent	788,993	818,003	29,011	34,513	40,906	6,393
Montgomery	78,856,533	79,598,228	741,696	3,449,420	3,980,434	531,014
Prince George’s	56,075,915	55,865,408	-210,508	2,452,928	2,793,637	340,709
Queen Anne’s	2,824,266	2,975,900	151,635	123,542	148,815	25,273
St. Mary’s	6,520,503	6,699,576	179,073	285,226	335,023	49,797
Somerset	1,323,733	1,400,643	76,910	57,904	70,041	12,137
Talbot	1,751,716	1,766,633	14,917	76,625	88,343	11,718
Washington	8,063,604	8,257,941	194,337	352,726	412,951	60,225
Wicomico	6,183,623	6,237,202	53,579	270,490	311,901	41,411
Worcester	3,372,638	3,429,156	56,518	147,529	171,480	23,951
Total	\$373,030,701	\$380,207,120	\$7,176,418	\$16,317,477	\$19,012,853	\$2,695,376

Source: Department of Legislative Services

Appendix 2
2022 Joint Chairmen’s Report Responses from Agency

The 2022 JCR requested that MSDE prepare three reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Report on the Nonpublic Placement Program:*** The committees were concerned about delays in the reimbursement schedule for the Nonpublic Placement program providers and actions taken by MSDE to rectify these issues. MSDE reported that the agency is moving forward with a new framework and procedures that should speed up the reconciliation process. The agency also reported that in fiscal 2022, the agency had \$1.2 million in funds remaining. Further discussion of this response can be found in the Issues section of this analysis.

- ***Report on the Autism Waiver Program:*** The committees were concerned about the administration of the Autism Waiver program and waitlist, which is managed by the MSDE and MDH. The program had a registry of more than 6,000 individuals with estimated program costs expected to increase annually through fiscal 2027. MSDE reported that the agency was working with MDH on a new procedure to transition the registry into a waitlist with eligible individuals and that the cost of providing services to 3,000 individuals expected to qualify for the program would be approximately \$70 million by 2027. Further discussion of this response can be found in the Issues section of this analysis.

- ***Status Update on the P-TECH Program:*** The committees were concerned about increasing costs for the P-TECH program, which is managed by MSDE and LEAs. Costs for the P-TECH program are determined by a variety of factors, including student enrollment in community college courses and the costs for those courses in any given year. MSDE reported that enrollment is expected to increase by 29 students from fiscal 2023 to 2024 with a program cost in fiscal 2024 of \$2.3 million. Further discussion of this response can be found in the Issues section of this analysis.

Appendix 3
ESSER Funds for LEAs
Fiscal 2020-2022
(\$ in Millions)

<u>LEA</u>	<u>ESSER I</u>	<u>ESSER II</u>	<u>ESSER III</u>	<u>Total</u>
Allegany	\$2.6	\$11.3	\$25.3	\$39.2
Anne Arundel	11.9	48.4	108.7	168.9
Baltimore City	48.4	197.5	443.5	689.4
Baltimore	23.7	96.6	217.0	337.4
Calvert	1.2	5.1	11.5	17.8
Caroline	1.5	6.1	13.7	21.3
Carroll	2.0	7.5	16.8	26.3
Cecil	3.1	12.4	27.8	43.4
Charles	3.1	13.7	30.9	47.7
Dorchester	1.9	7.8	17.5	27.1
Frederick	4.0	16.9	37.9	58.8
Garrett	1.0	4.0	9.0	13.9
Harford	4.5	18.9	42.5	65.8
Howard	4.2	19.4	43.5	67.1
Kent	0.5	2.3	5.2	8.1
Montgomery	24.8	112.2	252.1	389.1
Prince George's	30.0	122.2	274.5	426.8
Queen Anne's	0.7	3.0	6.8	10.6
St. Mary's	2.6	11.6	26.1	40.3
Somerset	1.3	6.0	13.5	20.9
Talbot	0.9	3.7	8.2	12.8
Washington	5.6	24.6	55.3	85.5
Wicomico	5.2	21.1	47.4	73.6
Worcester	1.6	6.4	14.4	22.4
Total	\$186.2	\$778.8	\$1,749.0	\$2,714.0

Note: Distribution criteria for ESSER I funds is fiscal 2019 Title 1A percentages; distribution criteria for ESSER II and ESSER III funds is fiscal 2020 Title 1A percentages. Does not include allocations for the SEED School.

Source: Maryland State Department of Education

Appendix 4
ESSER Expenditures by LEA
Fiscal 2022-2023
(\$ in Millions)

<u>LEA</u>	<u>Allocations</u>	<u>ESSER I</u>	<u>ESSER II</u>	<u>ESSER III</u>	<u>Total</u>	<u>% Expended</u>
Allegany	\$39.2	\$2.6	\$7.8	\$3.5	\$13.9	35.5%
Anne Arundel	168.9	11.9	16.2	25.7	53.8	31.8%
Baltimore City Baltimore County	689.4	48.2	80.8	35.9	164.9	23.9%
Calvert	17.8	1.2	3.0	0.9	5.1	28.7%
Caroline	21.3	1.5	5.7	3.7	10.9	51.2%
Carroll	26.3	2.0	7.5	8.7	18.2	69.2%
Cecil	43.4	3.1	7.0	13.2	23.3	53.7%
Charles	47.7	3.1	10.9	10.9	24.9	52.2%
Dorchester	27.1	1.9	7.2	2.7	11.8	43.5%
Frederick	58.8	4.0	13.5	22.9	40.4	68.7%
Garrett	13.9	1.0	2.8	1.4	5.2	37.4%
Harford	65.8	4.5	12.9	22.5	39.9	60.6%
Howard	67.1	4.2	9.8	23.5	37.5	55.9%
Kent	8.1	0.5	1.5	2.5	4.5	55.7%
Montgomery	389.1	24.8	86.4	97.4	208.6	53.6%
Prince George's	426.8	27.9	72.2	94.9	195.0	45.7%
Queen Anne's	10.6	0.7	2.4	0.0	3.1	29.4%
Somerset	40.3	2.6	6.8	5.6	15.0	37.3%
St. Mary's	20.9	1.3	5.2	1.6	8.1	38.8%
Talbot	12.8	0.9	1.8	1.3	4.0	31.3%
Washington	85.5	5.6	18.8	21.0	45.4	53.1%
Wicomico	73.6	5.2	13.5	19.7	38.4	52.2%
Worcester	22.4	1.6	3.5	4.4	9.5	42.5%
Total	\$2,714.0	\$184.0	\$446.8	\$481.0	\$1,111.8	41.0%

Note: Distribution criteria for ESSER I funds is fiscal 2019 Title 1A percentages; distribution criteria for ESSER II and ESSER III funds is fiscal 2020 Title 1A percentages. Does not include allocations for the SEED School.

Source: Maryland State Department of Education

Appendix 5
RELIEF Act Federal Stimulus Fund Expenditures by LEA
As of September 30, 2022
(\$ in Thousands)

<u>LEA</u>	<u>Allocation</u>	<u>Expenditures</u>	<u>% Expended</u>
Allegany	\$3,752	\$1,153	31%
Anne Arundel	15,375	6,324	41%
Baltimore City	44,989	16,096	36%
Baltimore	31,359	12,819	41%
Calvert	3,010	1,398	46%
Caroline	2,816	1,870	66%
Carroll	4,498	1,732	39%
Cecil	4,626	2,069	45%
Charles	7,847	7,176	91%
Dorchester	2,268	*	*
Frederick	9,478	6,699	71%
Garrett	845	371	44%
Harford	8,425	4,219	50%
Howard	9,619	1,804	19%
Kent	419	246	59%
Montgomery	29,134	16,635	57%
Prince George's	52,331	*	*
Queen Anne's	1,277	452	35%
St. Mary's	4,446	2,501	56%
Somerset	1,635	886	54%
Talbot	863	0	0%
Washington	8,712	3,553	41%
Wicomico	7,759	*	*
Worcester	1,093	597	55%
Total	\$256,576	\$88,600	35%

* Data not supplied or incomplete.

Source: Department of Legislative Services

Appendix 6
K-12 FTE and FRPM Enrollment
Fiscal 2022-2024

<u>LEA</u>	<u>FTE Enrollment</u>					<u>FRPM Enrollment</u>				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2023-2024</u> <u>Change</u>	<u>% Change</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2023-2024</u> <u>Change</u>	<u>% Change</u>
Allegany	7,716	7,662	7,699	38	0%	3,967	3,818	4,729	911	24%
Anne Arundel	81,017	80,868	81,912	1,044	1%	26,093	22,193	34,325	12,132	55%
Baltimore City	73,067	71,358	69,640	-1,718	-2%	63,925	63,056	62,270	-786	-1%
Baltimore	107,733	107,115	106,795	-320	0%	44,151	42,308	57,006	14,698	35%
Calvert	14,896	14,949	15,011	62	0%	2,791	2,776	3,852	1,076	39%
Caroline	5,303	5,259	5,357	98	2%	2,551	2,859	3,732	873	31%
Carroll	24,191	24,608	25,323	715	3%	3,723	3,449	6,427	2,978	86%
Cecil	14,217	14,160	14,344	184	1%	5,433	5,036	7,516	2,480	49%
Charles	26,029	25,987	26,638	651	3%	10,000	9,321	12,124	2,803	30%
Dorchester	4,487	4,315	4,213	-102	-2%	2,976	2,883	3,370	487	17%
Frederick	42,043	43,811	45,221	1,411	3%	10,591	10,665	14,912	4,247	40%
Garrett	3,490	3,348	3,294	-54	-2%	1,537	1,459	1,807	348	24%
Harford	36,521	36,880	36,916	36	0%	10,816	9,783	13,895	4,112	42%
Howard	55,755	55,838	56,131	293	1%	12,500	12,230	16,629	4,399	36%
Kent	1,729	1,707	1,650	-57	-3%	875	763	1,050	287	38%
Montgomery	156,738	154,410	155,523	1,114	1%	46,660	39,056	66,704	27,648	71%
Prince George's	127,505	124,362	124,661	299	0%	67,232	62,116	86,150	24,034	39%
Queen Anne's	7,171	7,124	7,091	-33	0%	1,672	1,409	2,550	1,141	81%
St. Mary's	16,723	16,714	16,853	139	1%	4,558	3,856	6,459	2,603	68%
Somerset	2,658	2,558	2,561	3	0%	1,927	1,857	1,959	102	6%
Talbot	4,292	4,233	4,227	-6	0%	1,888	1,930	2,457	527	27%
Washington	21,087	21,100	21,206	106	1%	10,043	9,651	12,310	2,659	28%
Wicomico	13,865	13,888	14,212	324	2%	8,309	8,287	8,410	123	1%
Worcester	6,332	6,402	6,330	-72	-1%	2,730	2,702	3,321	619	23%
Total	854,564	848,653	852,807	4,154	0.49%	346,948	323,461	433,964	110,503	34%

Source: Department of Legislative Services

Appendix 7
Special Education and LEP Enrollment
Fiscal 2022-2024

<u>County</u>	<u>Special Education</u>					<u>LEP</u>				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Change</u>	<u>% Change</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Change</u>	<u>% Change</u>
Allegany	1,249	1,173	1,199	26	2%	20	28	33	5	18%
Anne Arundel	9,492	9,569	10,262	693	7%	6,586	7,547	7,993	446	6%
Baltimore City	12,211	11,665	11,326	-339	-3%	7,114	8,127	8,894	767	9%
Baltimore	15,800	15,152	15,942	790	5%	8,807	10,268	11,063	795	8%
Calvert	1,647	1,695	1,722	27	2%	160	205	224	19	9%
Caroline	579	547	523	-24	-4%	437	464	524	60	13%
Carroll	3,005	3,115	3,282	167	5%	329	396	452	56	14%
Cecil	2,459	2,413	2,565	152	6%	297	324	341	17	5%
Charles	2,911	2,916	3,165	249	9%	912	1,035	1,154	119	11%
Dorchester	451	442	407	-35	-8%	179	202	221	19	9%
Frederick	4,891	5,177	5,516	339	7%	2,872	3,206	3,445	239	7%
Garrett	339	320	336	16	5%	11	10	7	-3	-30%
Harford	5,034	5,381	5,745	364	7%	778	858	959	101	12%
Howard	6,019	5,977	6,515	538	9%	3,367	3,977	4,082	105	3%
Kent	279	268	253	-15	-6%	75	83	83	0	0%
Montgomery	20,596	20,427	21,502	1,075	5%	26,370	28,482	30,250	1,768	6%
Prince George's	15,174	14,161	14,436	275	2%	27,478	29,919	31,911	1,992	7%
Queen Anne's	828	826	855	29	4%	310	357	389	32	9%
St. Mary's	1,900	1,887	2,016	129	7%	277	320	359	39	12%
Somerset	419	421	426	5	1%	111	114	126	12	11%
Talbot	493	509	550	41	8%	478	567	616	49	9%
Washington	2,462	2,520	2,674	154	6%	586	614	819	205	33%
Wicomico	1,609	1,541	1,533	-8	-1%	1,143	1,329	1,566	237	18%
Worcester	764	758	752	-6	-1%	141	135	142	7	5%
Total	110,611	108,860	113,502	4,642	4%	88,838	98,567	105,653	7,086	7%

Source: Department of Legislative Services

Appendix 8
Local Education Effort
Fiscal 2023-2024
(\$ in Millions)

<u>County</u>	<u>Fiscal 2023 Local Approp.¹</u>	<u>Fiscal 2024</u>			<u>2024 Min. Local Effort versus 2023 Local Approp.</u>	
		<u>Combined Local Share²</u>	<u>MOE³</u>	<u>Min. Local Effort⁴</u>		
Allegany	\$31.9	\$34.2	\$31.0	\$34.2	\$2.3	7.4%
Anne Arundel	834.7	714.6	829.6	829.6	-5.2	-0.6%
Baltimore City	313.3	392.5	307.7	392.5	79.2	25.3%
Baltimore	918.0	825.5	867.6	867.6	-50.4	-5.5%
Calvert	141.3	82.3	137.8	137.8	-3.5	-2.5%
Caroline	16.1	15.4	15.9	15.9	-0.2	-1.0%
Carroll	213.0	145.4	209.8	209.8	-3.2	-1.5%
Cecil	89.2	85.2	88.5	88.5	-0.7	-0.8%
Charles	212.7	136.2	208.3	208.3	-4.4	-2.1%
Dorchester	20.9	24.0	20.4	24.0	3.1	14.7%
Frederick	349.7	264.1	351.4	351.4	1.6	0.5%
Garrett	28.8	28.6	27.5	28.6	-0.2	-0.8%
Harford	324.2	233.2	304.9	304.9	-19.4	-6.0%
Howard	675.6	415.4	648.8	648.8	-26.8	-4.0%
Kent	18.6	19.3	17.6	19.3	0.7	3.9%
Montgomery	1,839.1	1,574.7	1,797.6	1,797.6	-41.5	-2.3%
Prince George's	847.0	879.6	792.3	879.6	32.6	3.8%
Queen Anne's	64.1	57.5	62.5	62.5	-1.6	-2.5%
St. Mary's	121.5	98.2	115.0	115.0	-6.5	-5.4%
Somerset	10.6	8.7	10.3	10.3	-0.4	-3.3%
Talbot	46.9	50.6	46.2	50.6	3.8	8.1%
Washington	109.1	97.5	108.1	108.1	-1.0	-0.9%
Wicomico	49.1	42.5	49.0	49.0	-0.1	-0.2%
Worcester	100.3	70.7	100.0	100.0	-0.3	-0.3%
Total	\$7,375.8	\$6,295.9	\$7,147.6	\$7,333.8	-\$42.0	-0.6%

¹ Includes local appropriations not subject to per pupil MOE.

² Local share of formula aid accounting for relief provisions.

³ Chapter 33 of 2022 specifies deductions from the per pupil MOE calculation for fiscal 2024.

⁴ Minimum local effort is the greater of combined local share and per pupil MOE; Prince George's County result excludes appropriation of local dedicated telecommunications and energy tax funds totaling \$49.1 million in fiscal 2023 and a projected \$54.0 million in fiscal 2024. These amounts are excluded from MOE as well.

Note: Due to the delay in processing tax returns for tax year 2021, the Comptroller's Office had to release an updated report in January that included a more complete measure of the Net Taxable Income. The delay resulted primarily from legislation passed at the 2020 session that allowed pass-through entities to make estimated payments on behalf

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of their resident members. Enrollment counts for various relevant programs change as well compared to counts for the fiscal 2024 allowance.

Source: Department of Legislative Services

Appendix 9
Changes in the Aid to Education Budget
Fiscal 2023-2024

Note: Changes to the Aid to Education budget reflect the Governor’s fiscal 2024 budget as introduced and do not include supplemental appropriations.

Changes to Major State Aid Programs

Compensatory Education increases by \$390.9 million, or 30.2%, from \$1.29 billion in fiscal 2023 to \$1.69 billion in fiscal 2024. This increase is funded with Blueprint special funds and reflects increases in the per pupil allocation and enrollment. Chapter 55 of 2021 mandates 87% of the per pupil amount, or \$7,519, as a starting point to calculate the wealth-equalized allowance for each LEA. Due to the first-time availability of Medicaid rolls to determine eligibility through direct certification, the calendar 2022-2023 enrollment count of FRPM students of 433,964 is 34% higher than the calendar 2021-2022 enrollment count of 323,461. With this change, 51.0% of students are eligible for FRPMs.

The State Share of the Foundation formula grant, which is the primary grant program for State aid to LEAs, increases by \$143.6 million, or 3.7%, from \$3.82 billion in fiscal 2023 to \$3.96 billion in fiscal 2024. This amount includes \$37.3 million in discretionary supplementary grants to provide an equivalent amount of direct aid as fiscal 2023. This increase includes \$163.7 million in general funds offset by a \$19.4 million decrease in Blueprint special funds. As part of Chapter 36, the per pupil grant amount increases by \$332, from \$8,310 to \$8,642, which includes an inflation factor. With the return to in-person schooling, FTE enrollment increases by 4,154 students, or .49%, from 848,653 in fiscal 2023 to 852,807 in fiscal 2024.

Students with Disabilities Formula Grant increases by \$62.8 million, or 15.7%, from \$401.3 million in fiscal 2023 to \$464.1 million in fiscal 2024. This increase is funded with Blueprint special funds and reflects increased enrollment and implementation of Chapter 55 Blueprint formula updates. Chapter 55 mandates 74% of the per pupil amount, or \$7,513, as a starting point to calculate the wealth-equalized allowance for each LEA. In calendar 2022 to 2023, the special education enrollment count totals 113,502 students, which is 4,642 students, or 4% more than the calendar 2021-2022 count of 108,860. Currently, 12.4% of students receive special education services.

LEP grants increase by \$48.2 million, or 11.4%, from \$422.5 million in fiscal 2023 to \$470.7 million in fiscal 2024. This increase is funded with Blueprint special funds and based on enrollment as well as 100% of the per pupil State Share of the Foundation allowance, which for LEP increases the per pupil amount by \$332, from \$8,310 to \$8,642. In calendar 2022 to 2023, the LEP enrollment count is 105,653, which is 7,086 students, or 7%, more than the calendar 2021 to 2022 enrollment count of 98,567. Currently, 11.9% of students are considered LEP.

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Teachers’ Retirement increases by \$43.9 million, or 6.1%, from \$724.6 million in fiscal 2023 to \$768.6 million in fiscal 2024. This increase is due to decreased investment returns and an increased salary base combined with an increased State contribution rate.

Transportation formula funding increases by \$27.4 million, or 8.2%, from \$336.0 million in fiscal 2023 to \$363.4 million in fiscal 2024. This amount includes \$335.8 million for regular ridership and \$27.1 million for transportation for students with disabilities. In calendar 2022 to 2023 enrollment for disabled transportation totals 27,547, which represents a 3.0% decrease from the calendar 2021 to 2022 enrollment of 28,311. The inflation component of the transportation formula grows the statutory maximum of 8% in fiscal 2024.

Infants and Toddlers in the Students with Disabilities program increases by \$1.1 million, or 7.8%, from \$14.2 million in fiscal 2023 to \$15.8 million in fiscal 2024. This increase is part of Chapter 36 statutory increases for the program and is funded with Blueprint special funds.

GTB funding increases by \$1.0 million, or 2.1%, from \$45.8 million in fiscal 2023 to \$46.8 million in fiscal 2024. Eight LEAs receive GTB funds – Allegany, Caroline, Charles, Dorchester, Somerset, Washington, and Wicomico counties and Baltimore City.

Regional Cost Difference (formerly called Geographic Cost of Education Index), which is a regional cost adjustment in the Foundation program budget, decreases by \$1.9 million, or 1.2%, from \$157.9 in fiscal 2023 to \$156.0 million in the fiscal 2024 budget. Thirteen LEAs receive these funds in fiscal 2023 – Anne Arundel, Baltimore, Calvert, Carroll, Charles, Frederick, Howard, Kent, Montgomery, Prince George’s, Queen Anne’s, St. Mary’s counties and Baltimore City – which are the same LEAs as in fiscal 2023.

Programs Required by Blueprint for Maryland’s Future Grant

CPG increases by \$84.0 million, or 44.1%, from \$190.3 million in fiscal 2023 to \$274.3 million in fiscal 2024. This increase is due primarily to the change in the eligibility for personnel grants to 60% FRPM and school-level grants of 70% FRPM. In fiscal 2024, personnel grants are \$272,823 per school; per-pupil grants are phased-in according to eligibility and all 24 LEAs had at least one school eligible for a personnel or per-pupil grant.

NBC Support and Fees increase by \$1.5 million, or 20%, from \$7.4 million in fiscal 2023 to \$8.9 million in fiscal 2024. The fiscal 2023 increase includes the \$4.5 million deficiency for the State’s portion of NBC exam fees, of which \$2.3 million is covered by Blueprint Funds and \$2.1 million is covered by the National Board of Professional Teaching Standards special fund.

TSI increases from \$49.9 million in fiscal 2023 to \$51.3 million in fiscal 2024. The fiscal 2023 allocation for this program included \$46 million federal stimulus funds set-aside for this purpose in the Relief Act of 2021; fiscal 2024 funding is from the Blueprint Fund.

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College and Career Readiness increases by \$1.2 million, or 6.5%, from \$18.7 million in fiscal 2023 to \$19.9 million in fiscal 2024. This increase reflects reported LEA progress on preparing students for college and career readiness standards as mandated by Blueprint legislation.

Career Ladder increases by \$501,000, or 5.6%, from \$9.0 million in fiscal 2023 to \$9.5 million in fiscal 2024. This increase is in the teacher development budget and includes fees and bonuses for teachers who achieve NBC in teacher development.

The **MSDE Financial System** funding decreases by \$5.0 million in fiscal 2024 because this program received one-time funding in the fiscal 2023 budget.

Education Effort Adjustment decreases by \$34.6 million, or 27.5%, from \$125.7 million in fiscal 2023 to \$91.1 million in fiscal 2024 due to changing wealth calculations.

Other General Fund Changes

The **Maryland Educator Shortage Act of 2023 (HB 1219)** in Innovative Programs receives \$15.0 million in this budget to enhance teacher recruitment and retention. This funding is contingent on the passage of this legislation.

Nonpublic Placements in the Students with Disabilities program increases by \$4.2 million, or 3.0%, from \$141.4 million in fiscal 2023 to \$145.6 million in fiscal 2024. The fiscal 2023 amount includes both \$4.0 million allocated to the program for nonpublic special education teacher salaries and a 4% provider rate increase totaling \$5.2 million.

SEED general funds in the Children at Risk program increase \$491,000 or 4.0%, from \$12.3 million in fiscal 2023 to \$12.8 million in fiscal 2024. This increase is due to the increase in the Foundation program per pupil amount.

The **Autism Waiver** in the Students with Disabilities program is funded in fiscal 2024 at \$30.7 million. This amount does not include funding provided in the DPA in fiscal 2023 to increase slots for this program by 1,500 individuals. In fiscal 2024, program expenditures are expected to total approximately \$56.5 million, of which \$30.7 million is provided in general funds in the fiscal 2024 budget as introduced. An additional \$25.7 million out of the DPA allowance of \$30.0 million is expected to be allocated toward program expenditures in fiscal 2024.

P-TECH in Innovative Programs increases \$219,000, or 10.6%, from \$2.1 million in fiscal 2023 to \$2.3 million in fiscal 2024, after accounting for a fiscal 2023 deficiency appropriation of \$115,000 to cover costs associated with increased enrollment.

The **Adult High School Pilot Program** in Innovative Programs receives an increase of \$250,000, or 100%, from \$500,000 in fiscal 2023 to \$750,000 in fiscal 2024. Chapter 352 of 2021 mandates at least \$250,000 in general or federal funds for this program starting in fiscal 2023. This increase reflects an increase from two to three sites for this program in fiscal 2024.

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Environmental and Outdoor Education in Innovative Programs increases by \$4,300 from \$272,100 in fiscal 2023 to \$276,400 in fiscal 2024. This amount is mandated by Chapter 739 of 2019, the Maryland Green Schools Act.

The **Arts in Education Grant** (Chapter 681 of 2019) in Innovative Programs phases out in fiscal 2024 with a total decrease of \$100,000.

The **Menstrual Hygiene Product Grant** (Chapter 706 of 2021) in Innovative Programs phases out in fiscal 2024 with a total decrease of \$500,000.

Fiscal 2023 Legislatively Directed Initiatives

Bonuses for Noncertificated Support Personnel (Chapter 531 of 2022) receives \$22.3 million in the teacher development budget. In fiscal 2023, the legislature allocated \$8.0 million for this program. Upon submitting a count of 44,652 personnel who qualified for this bonus, MSDE requested an additional \$14.3 million in a fiscal 2023 deficiency allocation. In fiscal 2024, this program receives the same amount in the Teacher Development – Aid to Education budget (R00A02).

Maggie McIntosh School Arts Fund receives \$250,000 for the first time in the fiscal 2024 budget per Chapter 15 of 2022.

Operating Grant to Thread decreases by \$750,000 from fiscal 2023 to 2024 because the program received one-time funding in fiscal 2023.

Learning in Academic Extended Program decreases by \$4.5 million in fiscal 2024 because of program phase-out.

Federal Stimulus Fund Changes

Federal stimulus funds allocated in the Aid to Education program phase out in fiscal 2024. These programs include \$37.8 million allocated from ARPA ESSER Funds for LEAs and \$39.1 million for the ARPA Emergency Assistance to Nonpublic Schools program.

Other Federal Grant Changes

- **Food Service Programs** increase by \$116.7 million, or 37%, from \$319.2 million in fiscal 2023 to \$435.9 million in fiscal 2024.
- **Assistance to Students with Disabilities** increases by \$31.9 million, or 14%, from \$220.9 million in fiscal 2023 to \$252.8 million in fiscal 2024;

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- **SEED School** federal funding increases \$31.5 million, or 94%, from \$33.6 million in fiscal 2023 to \$65.1 million in fiscal 2024;
- **Educationally Deprived Children** increases by \$15.0 million, or 5%, from \$282.7 million in fiscal 2023 to \$297.7 million in fiscal 2024;
- **CTE** increases by \$4.2 million, or 27%, from \$15.3 million in fiscal 2023 to \$19.5 million in fiscal 2024;
- **Improving Teacher Quality** grants in teacher development increase by 4% from \$28.0 million in fiscal 2023 to \$29.2 million in fiscal 2024;
- **Other federal grants** in the Innovative Programs decrease by \$21.1 million, or 92%, from \$22.8 million in fiscal 2023 to \$1.7 million in fiscal 2024.

Appendix 10
Object/Fund Difference Report
Maryland State Department of Education – Aid to Education

<u>Object/Fund</u>	<u>FY 22</u> <u>Actual</u>	<u>FY 23</u> <u>Working</u> <u>Appropriation</u>	<u>FY 24</u> <u>Allowance</u>	<u>FY 23 - FY 24</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Objects					
12 Grants, Subsidies, and Contributions	\$ 10,871,781,391	\$ 8,778,995,759	\$ 9,684,445,776	\$ 905,450,017	10.3%
Total Objects	\$ 10,871,781,391	\$ 8,778,995,759	\$ 9,684,445,776	\$ 905,450,017	10.3%
Funds					
01 General Fund	\$ 6,505,921,750	\$ 7,006,732,955	\$ 7,156,857,501	\$ 150,124,546	2.1%
03 Special Fund	669,477,795	716,327,822	1,411,624,560	695,296,738	97.1%
05 Federal Fund	3,696,381,846	1,055,844,982	1,115,873,715	60,028,733	5.7%
09 Reimbursable Fund	0	90,000	90,000	0	0%
Total Funds	\$ 10,871,781,391	\$ 8,778,995,759	\$ 9,684,445,776	\$ 905,450,017	10.3%

Note: The fiscal 2023 appropriation does not include deficiencies.

Appendix 11
Fiscal Summary
Maryland State Department of Education – Aid to Education

<u>Program/Unit</u>	<u>FY 22</u> <u>Actual</u>	<u>FY 23</u> <u>Wrk Approp</u>	<u>FY 24</u> <u>Allowance</u>	<u>Change</u>	<u>FY 23 - FY 24</u> <u>% Change</u>
01 State Share of Foundation Program	\$ 3,413,315,034	\$ 3,817,362,233	\$ 3,960,963,850	\$ 143,601,617	3.8%
02 Compensatory Education	1,286,612,312	1,295,201,860	1,686,054,902	390,853,042	30.2%
03 Aid for Local Employee Fringe Benefits	778,950,779	724,643,898	768,559,037	43,915,139	6.1%
04 Children at Risk	52,398,588	51,210,004	83,195,290	31,985,286	62.5%
05 Formula Programs for Specific Populations	1,729,925	2,000,000	2,000,000	0	0%
07 Students with Disabilities	476,167,666	598,170,992	656,350,333	58,179,341	9.7%
08 State Assistance for Students with Disabilities	285,891,006	220,913,934	252,779,802	31,865,868	14.4%
12 Educationally Deprived Children	286,330,856	282,700,581	297,669,964	14,969,383	5.3%
13 Innovative Programs	2,045,755,346	129,646,388	41,679,932	-87,966,456	-67.9%
15 Language Assistance	13,538,319	10,395,537	13,948,039	3,552,502	34.2%
18 Career and Technology Education	17,424,390	15,337,000	19,531,500	4,194,500	27.3%
24 Limited English Proficient	334,283,833	422,465,014	470,659,743	48,194,729	11.4%
25 Guaranteed Tax Base	49,864,008	45,783,860	46,758,691	974,831	2.1%
27 Food Services Program	695,732,395	334,970,491	451,697,018	116,726,527	34.8%
39 Transportation	288,054,237	335,964,983	363,369,362	27,404,379	8.2%
55 Teacher Development	31,170,053	42,929,047	72,936,589	30,007,542	69.9%
60 Blueprint for Maryland’s Future Transition	814,562,644	114,670,431	111,042,305	-3,628,126	-3.2%
61 Unknown Title	0	190,286,426	274,290,497	84,004,071	44.1%
62 Unknown Title	0	18,669,966	19,888,102	1,218,136	6.5%
63 Education Effort Adjustment	0	125,673,114	91,070,820	-34,602,294	-27.5%
Total Expenditures		\$ 8,778,995,759	\$ 9,684,445,776	\$ 905,450,017	10.3%
General Fund	\$ 6,505,921,750	\$ 7,006,732,955	\$ 7,156,857,501	\$ 150,124,546	2.1%
Special Fund	669,477,795	716,327,822	1,411,624,560	695,296,738	97.1%
Federal Fund	3,696,381,846	1,055,844,982	1,115,873,715	60,028,733	5.7%
Total Appropriations		\$ 8,778,905,759	\$ 9,684,355,776	\$ 905,450,017	10.3%
Reimbursable Fund	\$ 0	\$ 90,000	\$ 90,000	\$ 0	0%
Total Funds	\$ 10,871,781,391	\$ 8,778,995,759	\$ 9,684,445,776	\$ 905,450,017	10.3%

Note: The fiscal 2023 appropriation does not include deficiencies.